



Charles Jackson
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Commissioners

June 21, 2005

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE LOAN AGREEMENT FOR DEVELOPMENT AND SALE OF
SINGLE-FAMILY HOMES IN UNINCORPORATED FLORENCE (1)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration prepared pursuant to the requirements of the California Environmental Quality Act (CEQA), together with any comments received during the public review process, for development of Gage Village, 32 affordable single-family homes to be located at 1503-1641 East Gage Avenue in unincorporated Florence.
2. Find that after the incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan, required as a condition of project approval for development of Gage Village, the project will not have a significant effect on the environment; approve the Environmental Assessment/Mitigated Negative Declaration; find that the project will have no adverse effect on wildlife resources; and authorize the Executive Director of the Community Development Commission to complete and file with the County Clerk a Certificate of Exemption for the project described above.



3. Find that the Environmental Assessment/Mitigated Negative Declaration reflects the independent judgment of the Commission, and instruct the Executive Director to file with the County Clerk a Notice of Determination, as required by CEQA, and instruct the Executive Director to take any and all actions necessary to complete the implementation of this environmental review action, for the project described above.
4. Approve a Loan Agreement (Agreement), presented in substantially final form, between the Commission and Gage Village Residential Development LLC, a California limited liability corporation (the Developer), to provide secondary financing in a maximum aggregate amount of up to \$1,938,472 in Home Investment Partnerships (HOME) Program funds, comprised of an average of \$176,224 for each qualified buyer for 11 of the total 32 Gage Village homes.
5. Authorize the Executive Director to execute the Agreement, and all related documents necessary to complete the secondary financing of the homes, to be effective following approval as to form by County Counsel and execution by all parties.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The Agreement provides homebuyer assistance for 11 of the 32 single-family homes in the development, which will be reserved for lower-income, first-time homebuyers.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total Commission HOME contribution is up to \$1,938,472.

The total development cost is \$9,015,825, or \$281,745 per home. The Developer owns the land, valued at \$710,938, and will obtain a private construction loan of \$7,140,000. A total of \$1,164,888 in fees and costs will be deferred during construction, including \$320,000 in Developer fees to be paid from sales proceeds.

The price for each home will be the higher of \$281,745, or the appraised value at the time of sale.

Qualified Buyers will execute deferred payment, non-interest bearing promissory notes, forgivable at the end of a 30-year term. "Qualified Buyers" shall mean first-

time homebuyers whose household incomes are no more than 80 percent of Area Median Income (AMI) for the Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size, as defined by HUD, or any successor entity designated under state law as responsible for establishing such definition. The entire principal amount, plus a pro rata share of equity appreciation, will become due if there is a sale or transfer of title to the homes prior to the 30-year maturity date. The notes will be evidenced by a second mortgage and secured by second trust deeds recorded in favor of the Commission.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Development of Gage Village will consist of 32 single-family homes, to be located at 1503-1641 East Gage Avenue in unincorporated Florence. The 1.64-acre site is currently vacant. The 11 homes that will receive homebuyer assistance through the Agreement will be set aside for qualified first-time homebuyers with household incomes up to 80 percent of the AMI. The 21 homes that will not receive homebuyer assistance through the Agreement will be sold to homebuyers with household incomes up to 120 percent of the AMI, or as further restricted by other homebuyer assistance sources of funding. All homes will be 1,389-square-feet in size and have three bedrooms, two-and-a-half bathrooms, and a two-car attached garage.

Offsite improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains and utility installation.

The Developer plans to apply for Industry Funds for the project in a future allocation, helping make six more homes affordable for lower-income buyers.

The proposed project is being federally funded, and is not subject to the requirements of the Greater Avenues for Independence (GAIN) Program and the General Relief Opportunity for Work (GROW) Program, implemented by the County of Los Angeles. Instead, the Developer must comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed project, evaluates the potential environmental

effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Community Development Commission on July 21, 2003. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on September 19, 2003.

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the Environmental Assessment, used in place of an Initial Study, would be used to satisfy CEQA requirements. The Environmental Assessment/Mitigated Negative Declaration was circulated for public review as required by state and local law, and the Environmental Assessment/Mitigated Negative Declaration, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA.

Approval of the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan, and filing of a Notice of Determination with the County Clerk, will satisfy CEQA requirements. A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The Commission is exempt from paying this fee when your Board finds that the project will have no significant impact on wildlife resources. The project is located in an urban setting, and the Environmental Assessment/Mitigated Negative Declaration concludes there will be no adverse effect on wildlife resources.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office located at 2 Coral Circle, Monterey Park.

IMPACT ON CURRENT PROJECT:

Approval of the Agreement will increase homeownership opportunities for lower-income buyers in the County.

Respectfully submitted,



 CARLOS JACKSON
Executive Director

Attachments: 3

ATTACHMENT A
FINANCIAL ANALYSIS

Gage Village
1503-1641 East Gage Avenue, unincorporated Florence

The project consists of 32 single-family for-sale units in the Florence area of the unincorporated County. Eleven units will be reserved for families with household income not exceeding 80 percent of the area median income (AMI) for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size. Homebuyers of these eleven units will receive assistance from HOME secondary financings, which make homeownership feasible for the targeted families without a sizable down payment.

Construction Phase

	TOTAL	Non-HOME Unit	HOME Unit
# of Units	32	21	11

Sources	Total	Per Unit	Per Unit
Developer Equity	\$710,937	\$22,217	\$22,217
Construction Loan	\$7,140,000	\$223,125	\$223,125
Deferred Cost and Dev Fee	\$1,164,888	\$36,403	\$36,403
TOTAL	\$9,015,825	\$281,745	\$281,745

Permanent Phase

	TOTAL	Non-HOME Unit	HOME Unit
# of Units	32	21	11

Sources	Total	Per Unit	Per Unit
Buyer Fund	\$7,784,540	\$280,649	\$171,901
HOME secondary financings	\$1,938,472	\$0	\$176,224
INDUSTRY tertiary financings	\$420,098	\$19,048	\$1,826
TOTAL	\$10,143,110	\$299,697	\$349,951

LOAN AGREEMENT

HOME PROJECT NO. HE0083 (FOR-SALE HOUSING)

by and between the

COMMUNITY DEVELOPMENT COMMISSION

OF

THE COUNTY OF LOS ANGELES

a public body corporate and politic

and

Gage Village Residential Development LLC

a California Limited Liability Corporation

for a loan in the initial principal amount of

\$1,938,472

_____, 2005

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UNIT LOAN ASSISTANCE AGREEMENT
CASH INTO ESCROW

(HOME PROJECT NO. HE0083)

Transaction Summary

Project Name: Gage Village

Developer Name: Gage Village Residential Development LLC

☐ Limited Partnership; ☒ LLC; ☐ Nonprofit Corporation; ☐ Other _____

State of Formation of Developer Entity: ☒ California; ☐ Delaware; ☐ Other: _____

Total Number of Units in Project: 32 (11 of which are HOME Assisted Units)

Location (Jurisdiction): 1st District

☐ Incorporated ☒ Unincorporated Total Project Acreage: 1.64 acre

Unit Type: ☐ detached condominium; ☒ single family – fee simple

Development type: ☐ Rehab; ☒ New construction.

Use of Home Funds: 30-year subordinated shared appreciation loans to unit buyers.

Term of Affordability: 30 years.

Maximum Home Fund loan allocation, all units combined: \$ 1,938,472

Assisted Units:

Quantity	No. Bedrooms	Unit Sq. Feet	Max. Sale Price	Max. Home Loan Amount
11 units targeting household earning no more than 80% AMI.	Each unit has 3 bedrooms	1,390 sq. ft.	The higher of \$281,745 or appraised value	\$1,938,472

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Loan Agreement shall control.

THIS UNIT LOAN ASSISTANCE AGREEMENT ("Agreement") is made as of the ____th day of _____, 2005, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic (the "Commission"), and the developer entity listed in the Transaction Summary above ("Developer"). The Commission and Developer are sometimes referred to collectively herein as the "Parties" and each individually as a "Party".

RECITALS

A. WHEREAS, Developer desires to develop and sell residential units within the housing development ("Project") described in the Transaction Summary above. The Project will be developed on a site ("Site") legally described on Exhibit "B-1" to this Agreement. A detailed Project description is attached hereto as Exhibit "B-2," and reduced site plans and elevations for the Project are attached hereto as Exhibit "B-3."

B. WHEREAS, the Project will provide affordable housing opportunities for persons of low-income as described in the Transaction Summary above.

C. WHEREAS, in order to facilitate the sale of those units within the Project designated on the Transaction Summary as assisted units ("Assisted Units"), Developer has requested that the Commission make loans ("the Commission Unit Loans") available to purchasers of those Assisted Units which shall be subordinate to the senior permanent financing for those units as more particularly provided below.

D. WHEREAS, the Parties agree that in accordance with the conditions set forth in Sections 4.1, 4.2, and 4.3, that the Financial Summary and Subsidy shown in Exhibit "I" to this Agreement may be amended, subsequent to the date originally executed, to increase or decrease the amount of the Commission Unit Loans.

E. WHEREAS, the Commission desires to make the Commission Unit Loans to purchasers of the Assisted Units, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. RESERVED.
2. THE COMMISSION UNIT LOANS.

The Commission agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Developer contained in this Agreement, to

make the Commission Unit Loans to purchasers of the Assisted Units to assist in the financing of the acquisitions of the Assisted Units.

ESCROWS; CONDITIONS TO FUNDING THE COMMISSION UNIT LOANS.

2.1 Disbursement of the proceeds of the Commission Unit Loans for the account of purchasers of the Assisted Units and the delivery and (as applicable) recording of the Commission Unit Loan Documents (as defined in Section 4.2 below) shall be carried out through escrow accounts (each, an "Escrow") to be established pursuant to Section 4.9 below with a title or escrow company ("Escrow Holder") specifically approved in writing by the Commission. Any fees and costs incurred by Escrow Holder in the performance of its duties with respect to the sale of any Assisted Unit shall be borne by the Developer and the purchaser of the Assisted Unit in accordance with the Unit Buyer Agreement.

2.2 The obligation of the Commission to fund each Commission Unit Loan under this Agreement shall be expressly subject to satisfaction of all of the following conditions ("Closing Conditions"):

1. Developer's execution and delivery to the Commission of this Agreement.
2. Receipt by the Commission from Developer of such other documents, certifications and authorizations as are reasonably required by the Commission, in form and substance satisfactory to the Commission, evidencing that (i) this Agreement, and all other documents given or executed by Developer in connection herewith are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Developer pursuant to the respective terms of each of such documents, and (ii) the execution and delivery of this Agreement, and all of the other documents given or executed in connection herewith, and the performances thereunder by Developer, will not breach or violate any law or governmental regulation nor constitute a breach of or default under any instrument or agreement to which Developer may be a party.
3. First American Title, North American Title, Chicago Title, Stewart Title or another title insurer approved by the Commission ("Title Company") shall have assured the Commission in writing that with respect to each the Commission Unit Loan, the Commission shall receive upon recordation of the Commission Unit Deed of Trust a Commission Unit Title Policy (as defined in, and meeting the requirements described in Section 4.4 below).
4. Construction (including off-site work) or rehabilitation, whichever is applicable, of the Assisted Unit to which the Commission Unit Loan relates shall have been completed in accordance with this Agreement and with all applicable City and County permits and ordinances, and the City or County shall have issued a final certificate of occupancy for the unit.

5. The Commission shall have reviewed and approved the Qualified Buyer for the Commission Unit Loan in the Commission's sole discretion, and the unit loan funding conditions in Section 4.4 shall have been satisfied.
6. No Event of Default shall exist under this Agreement, the applicable Commission Unit Loan Documents, or under any agreement or instrument relating to any financing for the Project or the Assisted Unit.
7. No stop notice or mechanics' lien shall have been filed against the Site unless discharged as provided by law.
8. Developer shall have furnished the Commission with (or caused the Commission to be furnished with) certificates of insurance evidencing the coverages required by Section 5.8 below.
9. Developer shall have furnished the Commission and obtained the Commission's approval of all soils and geologic reports existing with respect to the Site. Developer hereby acknowledges that the Commission's review and approval of such reports and of any other contract, document or other matter under this Agreement is solely for the benefit of the Commission, and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter.
10. Developer will have provided to the Commission, in form satisfactory to the Commission, certified copies of (i) Developer's governing partnership agreement, operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner or president that such agreement or articles or bylaws has not been amended or modified except as described in the certification, (ii) a good standing certificate or comparable certificate from the California Secretary of State, certifying that Developer is duly qualified and in good standing in California, and (iii) all other documents necessary to evidence to the Commission's satisfaction that the individuals and entities executing this Agreement and the other documents executed in connection herewith, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Developer, to the terms hereof and thereof.

Not as a Closing Condition, but prior to the commencement of marketing for the Assisted Unit sales, Developer shall have obtained the Commission's written approval of an affirmative marketing plan, sales guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the purchasers of the Assisted Units (as defined in Recital C above) in the Project shall be selected in the event that, at any given time, the number of individuals applying to purchase Assisted Units at the Project, who meet the applicable requirements set forth in Section 4 below, exceeds the number of Assisted Units available for sale.

2.3 With respect to the sale of each Assisted Unit, Escrow Holder shall close escrow and record the applicable Commission Unit Deed of Trust when Escrow Holder has confirmed that Closing Conditions 2.2 has been satisfied, and when Escrow Holder has received

written certification from the Commission's Executive Director that all other Closing Conditions have been timely satisfied. Developer shall provide a list of agencies to Qualified Buyers for homeownership counseling and education ("Homeownership Education"). These agencies must be accredited and certified by American Homeowner Education and Training Institute ("AHETI"). Developer shall assure that Qualified Buyers attend a minimum of 8-hour Homeownership Education, at which the mechanisms of secondary financing and tertiary financing (defined under Section 4.7 Tertiary Unit Loan), as well as equity sharing, are clearly explained. Qualified Buyers must provide the Commission a copy of the AHETI certification obtained upon the completion of Homeownership Education.

2.4 Time is of the essence with respect to the rights and obligations of the Parties under this Agreement and notwithstanding any other provision, the Commission shall have no obligation to fund any Commission Unit Loans that do not close escrow and fund on or before the second anniversary of the date of this Agreement ("Completion Deadline"). In addition, the Commission may elect to terminate this Agreement by notice to Developer if Developer has failed to complete and sell, not later than one year following the date of this Agreement, at least [2] Assisted Units to Qualified Buyers in accordance with this Agreement.

3. PURPOSE OF THE COMMISSION UNIT LOANS.

The proceeds of the Commission Unit Loans shall be used to help purchasers pay for the acquisition of the Assisted Units, as further described in Section 4 below.

4. USE OF PROPERTY; SALES OF UNITS TO QUALIFIED BUYERS; COMMISSION UNIT LOANS; HOMEOWNERS' ASSOCIATION.

4.1 Sales to Qualified Buyers.

Notwithstanding anything to the contrary in this Agreement, Developer hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Developer, that, throughout the term of this Agreement ("Term"), Developer and such successors and assigns shall use the Site solely for the purpose of constructing, and selling to "Qualified Buyers" (as hereinafter defined), the Project as a residential development with the number of total dwelling units and the number of the Assisted Units specified in the Transaction Summary above. All Assisted Units shall be sold in accordance with the escrow procedures set forth in Section 4.9 to persons of Low-Income as specified in the Transaction Summary above. All costs associated with the purchase and financing of such Assisted Units shall not exceed, as to the households of each Qualified Buyer, an "Affordable Housing Cost," as defined below. Assisted Units shall be dispersed throughout the Site, and shall be no less attractive or desirable on average (whether because of convenient access, views, amenities, or other reasons) than the other Project units, if any, which are not Assisted Units. The Assisted Units are designated by size and type on Table I of Exhibit "D," attached hereto.

All of the Non-Assisted Units, which comprise 17 of the total 32 units in the site, shall be sold to Moderate-Income Households as defined below.

“Affordable Housing Cost” shall mean “housing costs” as specified in Section 6920 of Title 25 of the California Code of Regulations which, with respect to:

“Low-Income Households” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for low-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development.

“Moderate-Income Households” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for moderate-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to one hundred twenty percent (120%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development.

“Area Median Income” shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

“Qualified Buyers” for the Assisted Units shall mean first-time homebuyers whose household incomes are no more than 80% of Area Median Income as defined by HUD, or any successor entity designated under state law as responsible for establishing such definition.

“Qualified Buyers” for the Non-Assisted Units shall mean homebuyers whose household incomes are no more than 120% of Area Median Income as defined by HUD, or any successor entity designated under state law as responsible for establishing such definition

The restrictions described in this Section 4.1 shall remain for a period of 30 years

4.2 The Commission Unit Loans to Qualified Buyers.

The Commission shall provide the Commission Unit Loans in the manner provided below to persons who are screened and approved by the Commission, or its designee, and meet the income limitations set forth in the Transaction Summary above. The Commission Unit Loans shall not exceed in the aggregate One Million Nine Hundred Thirty Eight Thousand Four Hundred Seventy Two Dollars (\$1,938,472).

Nine (9) of the eleven (11) Assisted Units will be subsidized with Commission Unit Loans and market rate mortgage revenue bond financing made available by the Southern California Home

Financing Authority (“Authority Bond Financing”) through participating lenders, if securable (“Commission Units”). The standard amount for each Qualified Buyer of Commission Units will be fixed at \$178,457 per home.

Two (2) of the eleven (11) Assisted Units will be subsidized with Commission Unit Loans, Authority Bond Financing, if securable, and Housing Authority County of Los Angeles (HACOLA) Industry Funds (“Mixed Units”). The standard amount for each Qualified Buyer of Mixed Units will be fixed at \$166,176 per home.

The Commission shall provide a Commission Unit Loan to a Qualified Buyer upon the initial sale of each Assisted Unit, provided that the sale is to a Qualified Buyer who executes, acknowledges (as applicable) and delivers to the Commission through an Escrow (as described in Section 4.9 below) at or prior to the time of sale the following documents (“the Commission Unit Loan Documents”): (i) a Shared Appreciation Note in the form of Exhibit “E” hereto in an initial principal amount equal to the amount of the Commission Unit Loan (the “the Commission Unit Note”); (ii) a second Deed of Trust in the form of Exhibit “F” hereto (the “the Commission Unit Deed of Trust”); (iii) loan agreement between the Commission and Qualified Buyer in the form of Exhibit “G” hereto; and (iv) any other documents requested by Escrow Holder to close the sale of the Assisted Unit. The sale of each Assisted Unit shall occur through the escrow procedures specified in Section 4.4 below.

4.3 Unit Loan Amounts

Developer agrees that the average per unit Unit Loan Amount is ONE HUNDRED SEVENTY SIX THOUSAND TWO HUNDRED TWENTY FOUR DOLLARS (\$176,224).

Nine (9) of the eleven (11) Assisted Units will be subsidized with Commission Unit Loans and market rate mortgage revenue bond financing made available by the Southern California Home Financing Authority (“Authority Bond Financing”) through participating lenders, if securable (“Commission Units”). The standard amount for each Qualified Buyer of Commission Units will be fixed at \$178,457 per home.

Two (2) of the eleven (11) Assisted Units will be subsidized with Commission Unit Loans, Authority Bond Financing, if available, and Housing Authority County of Los Angeles (HACOLA) Industry Funds (“Mixed Units”). The standard amount for each Qualified Buyer of Mixed Units will be fixed at \$166,176 per home.

4.6 Additional Loans to Qualified Buyers

In the event additional secondary or tertiary financing is made available to the Qualified Buyer, such financing must be approved by the Commission. A “Parity Rider”, Exhibit “K”, must be attached to the Trust Deed securing any such financing.

4.7 Non-Monetary Unit Loan

In the event that there is a Financing Gap, the Qualified Buyer shall execute an additional promissory note (the "Non-Monetary Unit Note"), in favor of Commission in the form and loan amount specified by Commission, in the amount of the Financing Gap.

The Financing Gap shall be defined as the appraised value of the Assisted Unit, as determined by a third party Appraiser approved by the Commission, less the sum of the First Trust Deed, obtained by the Qualified Buyer from the Permanent Lender, and the Secondary Unit Deed of Trust, and any additional tertiary or quaternary financing ("Monetary Tertiary or Quaternary Unit Loan") made available to the Buyer by HACOLA or an entity other than the Commission. The Non-Monetary Unit Loan shall be secured by a third or fourth priority deed of trust in favor of Commission recorded against the Qualified Buyer's fee interest in the Unit and which shall be in the form specified by Commission (the "Non-Monetary Unit Deed of Trust"). The Commission will not fund this Non-Monetary Unit Loan but will record it after the Secondary Unit Deed of Trust and Monetary Tertiary or Quaternary Deed of Trust, if applicable, as an encumbrance to the unit. The Non-Monetary Unit Deed of Trust shall accrue no interest. The Non-Monetary Unit Note plus a percentage of the net appreciation as defined in the Non-Monetary Unit Note shall be due and payable upon sale of the Property or an occurrence of events as defined in the Non-Monetary Unit Note. In the event the appraised value of the Unit at the time of resale is below the initial appraised value, the Commission may, at the Commission's discretion, forgive a portion or all of this Non-Monetary Unit Note.

4.8 First Unit Loans

The Developer is required to make best efforts to ensure that a fixed rate permanent loan secured by a first trust deed ("First Unit Loan") is made available to each Qualified Buyer at the lowest commercially available rate and most favorable terms. To facilitate the most favorable terms being available to Qualified Buyers, the Developer must take the following actions:

Reserve, in the event below market rate mortgage revenue bond financing is made available by the Southern California Home Financing Authority ("SCHFA") through participating lenders, financing in an amount that will facilitate the sale of units to Qualified Buyers. Reservation of these funds will be subject to review by the Commission.

If first mortgage financing from SCHFA is made available to any of the homebuyers, the Commission will split evenly with the Developer the gain resulting from using such financing. The “gain” in this case shall be defined as the difference between the present value amount calculated when using the SCHFA mortgage interest rate, and the base first mortgage amounts shown in the following table:

<u>Type of Unit:</u>	<u>Base 1st Mortgage Amount</u>
HOME Unit	\$171,901
Mixed Unit	\$171,901

Please see Exhibit “I” for the assumptions and calculations used to figure out the base 1st Mortgage Amounts. The Commission will not share in any gains derived from financing the Non-Assisted Units with SCHFA mortgages.

On or before 90 days after the filing of Project’s Notice of Completion (the “Commitment Delivery Date”), the Developer agrees to deliver to the Commission written commitment(s) (“First Unit Loan Commitment(s)”), subject to such standard and reasonable conditions as are customarily imposed on such a commitment by an institutional lender(s). Any commitment(s) shall be for a fixed-rate of interest from a Qualified Financial Institution(s) (as defined below) which is licensed to do business in California (“First Unit Lender(s)”), by which such First Unit Lender(s) agrees to make first trust deed loans to each Qualified Buyer of a unit in the Project and secured by such Qualified Buyer’s fee interest in the unit. Each First Unit Loan shall be consistent with this Agreement; otherwise, the First Unit Loan shall be subject to the First Unit Lender’s usual and customary terms and conditions. The Developer covenants and agrees to take all actions, and to pay all sums required to keep the First Unit Loan Commitment(s) in full force and effect and shall comply with all conditions thereof and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements and loan documents in connection therewith.

A “Qualified Financial Institution” shall mean a bank, savings bank, pension fund, insurance company or other institutional entity which is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of the Commission, has a sufficient net worth, liquidity position and credit rating to meet the contemplated First Unit Loan Commitment.

The Developer shall obtain and deliver to the Commission for approval First Unit Loan Commitment(s) by First Unit Loan Lender(s) by the Commitment Delivery Date. The approval or disapproval by the Commission of any First Unit Lender(s) will not constitute a waiver of any breach or violation of this Agreement by the Developer that is a result of acts that are or purport to be in compliance with or in furtherance of the First Unit Loans.

Developer shall adhere to the Schedule of Performance (Exhibit “M”) attached hereto. Failure to perform according to the Schedule of Performance constitutes material default to this Agreement.

4.9 Escrow Procedures for Unit Sales.

The Developer shall cause the agreement for the purchase of an Assisted Unit to be evidenced by a purchase agreement ("Unit Buyer Agreement") fully executed by Developer and the prospective buyer. The Unit Buyer Agreement will provide that the obligation of the Developer to convey title thereunder to the prospective buyer shall be conditioned upon the approval of the Commission, or its designee, and otherwise upon the satisfaction of the requirements of this Section 4.9. Within seven (7) days after the execution of the Unit Buyer Agreement, an Escrow shall be opened with the Escrow Holder. No later than such opening of such Escrow, Developer shall provide to the Commission by personal delivery or by first-class U.S. Mail a Subsidy Application in the form provided or approved by the Commission completed by the prospective buyer, together with verifying documentation from the prospective buyer with respect to residency, employment and income as the Commission, or its designee, may reasonably request (collectively, "Subsidy Application"). If the Subsidy Application is approved by the Commission in its reasonable discretion, then the Commission shall furnish the Escrow Holder with executed Escrow Instructions, together with the amount of the Commission Unit Loan. Developer shall not permit any Escrow to close for the sale of an Assisted Unit until and unless the Escrow Instructions executed by the Commission (and countersigned by Developer and, if requested by the Commission, the First Unit Lender) have been submitted to the Escrow Holder. As provided in the Commission Escrow Instructions, Escrow shall also not close unless and until:

- (i) The Escrow Holder holds the following documents: (1) the Commission Unit Note executed by the Qualified Buyer in favor of the Commission, in an initial principal amount equal to the amount of the Commission Unit Loan; (2) the Commission Unit Deed of Trust executed and acknowledged by the Qualified Buyer in favor of the Commission; and (3) a grant deed with respect to the unit purchased by the Qualified Buyer, executed and acknowledged by Developer (the "the Commission Unit Grant Deed");
- (ii) The Title Company is ready, willing and able to issue to the Commission a policy of title insurance in the amount of the Commission Unit Loan Note ("the Commission Unit Title Policy"), insuring the priority of the Commission Unit Deed of Trust, subject only to the deed of trust securing the First Unit Loan and other exceptions approved by the Commission following the Commission's prior review of a preliminary title report for the Assisted Unit, which preliminary title report must be received by the Commission no later than seven (7) days after the approval by the Commission of the Subsidy Application; and
- (iii) Proof of hazardous insurance for the full replacement cost of the Unit is provided to the Commission naming the Commission as additionally insured; and
- (iv) All of the Closing Conditions set forth in Section 2.2 above are otherwise satisfied, as certified to the Escrow Holder by the Commission's Executive Director.

4.10 Related Sales and Fees Prohibited.

Developer shall not knowingly sell any Assisted Unit to a spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, nephew, niece, or first cousin of any principal, officer, director, partner, owner, employee or agent of Developer or any person holding a beneficial interest in Developer. Developer shall not accept any payment of money or other consideration (other than the purchase price and other customary payments made in connection with the purchase) in return for or in an attempt to recapture all or any portion of the purchase price subsidy contemplated by this Agreement.

4.11 Homeowners' Association

Developer will not form or capitalize a Homeowners' Association. However, Developer warrants and represents that it shall construct the perimeter wall of the Site, and its landscaping, during the initial phase of construction and maintain the same in a clean and good condition, free of graffiti and debris, through the sale of each respective unit.

4.12 Operations and Maintenance.

Developer hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Developer, that Developer and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project and ancillary improvements thereon, in accordance with this Agreement. Developer covenants and agrees for itself, its successors and assigns, that during the Term, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions or the restrictions contained in this Agreement. Furthermore, Developer and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

Developer shall build the perimeter wall and wall planters first, and plant vines in the planters to allow ample time for them to reach mature size by the time the Units transfer to Qualified Buyers. Developer shall with respect to all portions of the Site not yet sold to unit purchasers, at its expense, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance to all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

5. COVENANTS OF DEVELOPER.

As additional consideration for the Commission making of the Unit Loans available to Qualified Buyers, Developer covenants as follows:

5.1 Compliance with Laws.

Developer shall comply with all applicable Governmental Restrictions. As used herein, "Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; the California Environmental Quality Act; laws specified in Section 12 below; local fair housing laws; prevailing wage laws (e.g. California Labor Code Section 1720 et seq., Davis-Bacon Act (40 U.S.C. 276a), and any other applicable federal, state, and local law. Developer shall comply with the environmental mitigation measures specified in the "Environmental Special Conditions", attached hereto as Exhibit "H". Developer shall indemnify, defend and hold Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to the payment or non-payment of prevailing wages in connection with the Project provided, however, the foregoing indemnity shall not apply to claims that result solely from the gross negligence or willful misconduct of Commission. Developer is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

5.2 Revenue Disclosures.

Developer shall make available for inspection and audit to the Commission's representatives, upon seventy-two (72) hours' written request, at any reasonable time during the Term, at Developer's offices, or, if requested by the Commission, at another location within Los Angeles County, all of the books and records relating to the development of the Project and this Agreement. All such books and records shall be maintained by Developer. In the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

5.3 Other Reports.

Upon seventy-two (72) hours' written notice, at any reasonable time during the Term, Developer shall prepare and submit to the Commission, in addition to the books and records described above, all additional reports and any financial, program progress, monitoring, evaluation or other reports reasonably required by the Commission or its representatives as they relate to the Project or this Agreement. Developer shall ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of the Commission representatives, may be relevant to a question of compliance with this Agreement.. Developer shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation,

claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

5.4 Indemnification.

Subject to the provisions of Section 5.7 below, from and after the date hereof, Developer shall indemnify, defend and save harmless the Commission and its members, directors, agents, officers and employees (collectively "CDC") from and against any and all claims, liability, demands, causes of action, losses and expense, including reasonable defense costs for damages of any nature whatsoever, which Claims arise directly or indirectly from or in connection with the Site or the Project, including, but not limited to Claims for bodily injury, death, property damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Developer by any person pursuant to this Agreement, and which Claims (i) are based on events which occur or are claimed to have occurred during Developer's ownership of the Site or the Project, (ii) result directly or indirectly from Developer's ownership or sale of the Site or the Project, or (iii) result directly or indirectly from the Commission's entering into this Agreement and/or making the Commission Unit Loans to Qualified Buyers. However, Developer has no obligation to defend, indemnify, or hold harmless CDC in the event the Claims were caused by the active negligence of CDC. This covenant shall remain in force and effect following the expiration of the Term.

5.5 Audit by State and Federal Agencies.

In the event this Agreement or any of the Commission Unit Loans is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Developer shall be responsible for complying with such inspections and paying, on behalf of itself and the Commission, the full amount of the liability to the funding agency which result from such inspections.

5.6 Design Standards.

Borrower agrees that projects determined to be eligible for a loan of HOME Funds are required to utilize the Commission's Design Guidelines and participate in the Commission's Design Review Process. The Borrower agrees to conform to the Process and timelines as required by the Commission and as set forth in Exhibit "N".

Borrower agrees that in the event the Design Review Process is completed prior to completion or execution of this Agreement, the approved construction plans and specifications are to be referenced by name, date of approval and page numbers.

Furthermore, Borrower agrees that if significant changes are made to a Commission-approved design during the design or construction phases, the Commission may elect to reduce or rescind the loan commitment.

5.7 Hazardous Materials.

Developer represents and warrants that it has not deposited "Hazardous Materials" (as defined below) in, on or upon the Site and Developer covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Developer further covenants and agrees to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Developer's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all environmental laws. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary and common to the normal course of business in the construction or operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Developer shall indemnify, defend and hold the Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Developer's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in the first two sentences of this Section 5.7 or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Developer hereby releases, waives and discharges the Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Developer's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C.

Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

5.8 Insurance.

Without limiting Developer's indemnifications of the Commission provided in this Agreement, Developer shall procure and maintain at its own expense during the Term the insurance described below. Such insurance shall be secured from carriers admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Developer shall, concurrent with the execution of this Agreement, deliver to the Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement. Developer shall deliver the certificates of insurance evidencing issuance of "all risk" property insurance described in (2) below and workers' compensation insurance described in (3) below at such time that such exposures are at risk, but in no event later than the closing of the sale of the first Assisted Unit. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Commission and may provide for such deductibles as may be acceptable to the Commission. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect the Commission, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Each such certificate shall stipulate that the Commission is to be given at least thirty (30) days' written notice in advance of any modification or cancellation of any policy of insurance.

(1) Liability

The Commission requires comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence, Two Million Dollars (\$2,000,000 General Aggregate), including products and completed operations coverage. CDC shall be named as additional insureds in each of the aforementioned insurance policies with respect to liability arising from activities performed by or on behalf of Developer, premises owned, leased or used by such persons. Said insurance shall be primary insurance with respect to the Commission. Developer shall require and ensure the Developer's contractors to include the CDC as additional insureds on all general liability insurance covering work at the Site. If required by the Commission from time to time, Developer shall increase the limits of Developer's liability insurance to reasonable amounts customary for owners of improvements similar to the Project. The policy shall contain a waiver of subrogation for the benefit of the Commission.

(2) Property Insurance

“All Risk” ISO Special Form property insurance. Coverage shall include protection for earthquake and flood if this protection is available from responsible carriers at reasonable cost. The Commission shall be the loss payee under the aforementioned policy(ies) under a standard lender’s loss payable endorsement. The amount of the property coverage shall at all times exceed the full replacement value of all improvements and fixtures on the Site and the insurer shall waive any coinsurance via an “agreement” endorsement, including without limitation builder’s risk protection during the course of construction, covering the full replacement value of real property and equipment utilized for the Project. Coverage shall extend to provide debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. The Commission shall be the loss payee under the aforementioned policy under a standard lender’s endorsement.

(3) Workers’ Compensation

Employees of Developer, its agents and affiliates and any property management firm assigned to the Project shall be covered by Workers’ Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and with Employers Liability limits of One Million Dollars (\$1,000,000) per accident.

(4) Automobile Liability

Combined single limit automobile liability insurance of at least Five Hundred Thousand Dollars (\$500,000) per accident for bodily injury and property damage, covering owned, nonowned and hired vehicles. CDC shall be named as an additional insured in the automobile liability policy (ies).

In addition to the insurance requirements set forth above, as a condition to the close of any Commission Unit Loan, the Qualified Buyer obtaining the Commission Unit Loan must have delivered to the Commission insurance certificates evidencing the insurance coverage required to be maintained by the Qualified Buyer under the Commission Unit Deed of Trust.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of the Commission.

Failure on the part of Developer to procure or maintain the insurance coverage required in this Section 5.8 shall constitute a material breach of this Agreement pursuant to which the Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole discretion, and without waiving such default or limiting the rights or remedies of the Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Commission shall be reimbursed by Developer to the Commission upon demand including interest thereon at the rate of ten percent (10%) per annum simple interest from the date paid by the Commission to the date reimbursed by Developer. The Commission shall have the right, at its election, to participate in and control any insurance claim adjustment or dispute with the insurance carrier. Developer’s failure to assert or delay in asserting any claim shall not diminish or impair the Commission’s rights against Developer or the insurance carrier.

5.9 Financial Statements; Tax Returns.

Developer shall deliver to the Commission within one hundred twenty (120) days after the end of each fiscal year of Developer occurring during the Term, a copy of Developer's federal tax return and a financial statement for such preceding fiscal year.

5.10 Other Loans.

Developer shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Developer shall provide to the Commission a copy of any notice of default within three business days after receiving any notice of a default or alleged default of such covenants by Developer, and Developer shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be reimbursed by Developer upon the Commission's demand, together with interest at the rate of ten percent (10%) per annum simple interest from the date paid by the Commission to the date reimbursed by Developer.

5.11 Relocation Requirements.

If applicable, Developer shall be responsible for assuring compliance with all relocation requirements as governed by state relocation laws and regulations for projects funded in whole or in part with Industry Funds, including the California Relocation Assistance Law (California Government Code Section 7260 et seq.), Section 33410 et seq. of the California Health and Safety Code, the State Department of Housing and Community Development's implementing regulations known as the California Relocation Assistance and Property Acquisition Guidelines (Title 25, California Code of Regulations, Section 6000 et seq.) and the Los Angeles County Community Development Commission's Relocation Policies and Procedures Manual. In circumstances where both federal and state funds are contributed to a program or Project, it is the policy of the County to follow the requirements that provide the displaced person or household with the greatest benefit. For example, if in a mixed-funded project, the assistance or benefit under state law is more favorable to the displaced person or household, then the state law applies, and if the opposite is the case, then applicable federal laws and regulations (e.g., Section 4601 et seq. of Title 42 of the United States Code) shall apply. Any relocation assistance shall be provided through and in the manner directed by the Commission; provided, however, that Developer shall indemnify, defend and hold harmless the Commission, the Community Development Commission of the County of Los Angeles ("CDC"), and the County of Los Angeles ("County") for relocation payments, consulting fees and expenses incurred in connection with the Project.

6. DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale,

lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

6.1 Form of Nondiscrimination and Nonsegregation Clauses.

Developer shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

7. COMMISSION REQUIREMENTS.

Developer shall comply with the provisions set forth in Exhibit "J" to this Agreement.

8. INDEPENDENT CONTRACTOR.

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Developer

shall bear the sole responsibility and liability for furnishing or causing parties under contract to it to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Developer pursuant to this Agreement.

9. ASSIGNMENT OF THIS AGREEMENT.

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission in its sole discretion, including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Developer hereunder and under any documents executed by Developer in connection herewith, and (ii) the Commission's approval of the financial and credit-worthiness of such proposed assignee and the assignee's ability to perform all of the Developer's obligations under this Agreement and all documents executed in connection herewith.

Any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Developer's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of the Commission, the Commission may, at its option, by written notice to Developer, declare Developer in default under this Agreement.

10. EVENTS OF DEFAULT AND REMEDIES.

A. Developer Events of Default.

The occurrence of any of the following shall, after the giving of any notice described therein, constitute an event of default by Developer hereunder ("Event of Default"):

(1) The failure of Developer to pay or perform any monetary covenant or obligation hereunder or any of the documents executed in connection herewith, without curing such failure within ten (10) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Developer);

(2) The failure of Developer to perform any nonmonetary covenant or obligation hereunder or any of the documents executed in connection herewith, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and

the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a thirty- (30-) day period, it shall be deemed cured if Developer commences the cure within said thirty- (30-) day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 10(A)(3) through 10(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Developer under the terms of this Agreement or any documents executed in connection herewith;

(4) Developer or any constituent member or partner, or majority shareholder, of Developer shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Developer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Developer or any constituent member or partner, or majority shareholder, of Developer, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Developer or of all or any substantial part of Developer's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Developer, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

(7) Developer shall attempt to effect a Transfer (as defined below) in violation of Section 9 above or 24 below; or

(8) Developer shall be in default under the terms of any financing secured by an interest in the Site or the Project, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. The Commission Remedies.

Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(1) Cease making any further Commission Unit Loans to Qualified Buyers unless and until the Event of Default (if curable) is cured;

(2) Take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

(3) Upon the occurrence of an Event of Default which is occasioned by Developer's failure under this Agreement to pay money, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Developer shall deposit with the Commission, upon written demand therefor, such sum plus interest at the rate of ten percent (10%) per annum simple interest. In either case, the Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment (as the case may be) has been made by Developer;

(4) Upon the occurrence of an Event of Default described in Section 10(A)(4) or 10(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for any amount owing to the Commission under this Agreement and unpaid and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

D. The Commission Default and Developer Remedies.

Upon fault or failure of the Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Developer specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Developer may, as its sole and exclusive remedies:

(1) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Agreement or seeking to enjoin any act by the Commission which is prohibited hereunder; and/or

(2) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Developer shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from the Commission arising out of or in connection with this Agreement, and in connection with such waiver Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

11. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event that either Party brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement or any of the documents executed in connection herewith as a consequence of any breach by the other Party of its obligations thereunder, the prevailing Party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing Party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing Party in any lawsuit on this Agreement or any of the documents executed in connection herewith shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Developer agrees to pay or reimburse the Commission, upon demand by the Commission, for all costs incurred by the Commission in connection with the enforcement of this Agreement or any of the documents executed in connection herewith, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Developer any proceedings under any federal or state bankruptcy or insolvency laws, whether the Commission is a creditor in such proceeding or otherwise.

12. RIGHT OF ACCESS AND INSPECTION.

The Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If the Commission in its reasonable discretion determines that there is a default under this Agreement or noncompliance under any Applicable Governmental Restrictions, the Commission may (without any obligation to do so), after notice to and consultation with the Developer and affording the Developer thirty (30) days after such notice to cure the matter (provided, however, that if such matter cannot be cured within a thirty- (30) day period, it shall be deemed cured if Developer commences the cure within said thirty- (30) day period and diligently prosecutes such cure to completion thereafter) and the Developer fails to cure the matter, take whatever action is deemed necessary by the Commission to cure such matter, and the costs of such cure shall be reimbursed by Developer upon the

Commission's demand. Inspection by the Commission of the Project or the Site is for the sole purpose of protecting the Commission and is not to be construed as an acknowledgment, acceptance or representation by the Commission that there has been compliance with any terms or provisions of this Agreement.

13. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of the Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Agreement by the Commission.

14. AMENDMENTS, CHANGES AND MODIFICATIONS.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto.

15. EXECUTION OF COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

16. NOTICES.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed or faxed as follows:

If to the Commission:

Community Development Commission of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director
Fax No. (323) 890-8576

With a copy to:

Community Development Commission of the County of Los Angeles
Two Coral Circle

Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Developer:
Gage Village Residential Development, LLC
c/o Merona Enterprises Inc.
9550 Firestone Blvd., Ste #105
Downey, CA 90241
Attn: Luis Armona
Fax No. (562) 745-2341

With copies to:
Southern California Housing Development Corporation
9065 Haven Ave., Ste #100
Rancho Cucamonga, CA 91730
Attn: Alfredo Izmajtovich
Fax No. (909) 483-2448

Notices shall be effective upon receipt, if given by personal delivery, the earlier of: (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service, and the date faxed provided there is confirmation of receipt (provided that if the fax is received after 5:00 p.m. it shall be deemed received on the next business day). Each Party shall promptly notify the other Party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

17. SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

18. INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Developer. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement. In the event of any conflict between the body of this Agreement and Exhibit "A", the body of this Agreement shall prevail and supersede.

19. NO WAIVER; CONSENTS.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Developer. Consent by the Commission to any act or omission by Developer will not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

20. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of California.

21. REPRESENTATIONS AND WARRANTIES OF DEVELOPER.

Developer hereby represents, warrants and covenants to the Commission that:

A. Organization and Standing.

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California, and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Agreement, and all other documents executed in connection herewith.

This Agreement, and all other instruments to be executed by Developer in connection herewith constitute the legal, valid and binding obligations of Developer, without joinder of any other party.

B. Authorization and Consents.

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer and have been duly authorized by all necessary actions of Developer's members, partners, directors, officers and shareholders.

C. Due and Valid Execution.

This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Developer.

D. Licenses.

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

E. Litigation and Compliance.

There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer (other than those as have been previously disclosed in writing to the Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any laws or ordinances which could materially impair Developer's ability to perform its obligations under this Agreement.

F. Default.

There are no facts now in existence, which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 10.

G. No Violations.

The execution and delivery of this Agreement, and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not constitute a breach of or default under any instrument or agreement to which Developer may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

22. APPROVALS.

Any consent to a transfer under Section 9 or 24 of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the other documents executed in connection herewith, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board. Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," The Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. the Commission agrees to give Developer written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any review or approval of any matter by the Commission or any Commission official or employee under this Agreement shall be solely for the benefit of the Commission, and neither Developer nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer and not the Commission shall be solely responsible for assuring compliance with laws, and the operation of the Project.

23. GOOD FAITH AND FAIR DEALING.

The Commission and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

24. ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

24.1 Without the prior written approval of the Commission, which approval the Commission may withhold in its sole and absolute discretion, Developer shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project (provided, however, that no such approval shall be required for sales of individual units in full compliance with this Agreement), (ii) permit the Transfer of greater than forty nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into

account on a cumulative basis, or (iii) Transfer any of its rights or obligations hereunder or under any of the other documents executed in connection herewith. Developer hereby agrees that any purported Transfer not approved by the Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

24.2 At any time Developer desires to effect a Transfer hereunder, Developer shall notify the Commission in writing (the "Transfer Notice") and, except with respect to a sale of a unit in the Project in the ordinary course of Developer's business, shall submit to the Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to the Commission sufficient to establish and ensure that all requirements of this Section 24 have been and will be met. No Transfer Documents shall be approved by the Commission unless they expressly provide for the assumption by the proposed transferee of all of Developer's obligations hereunder and under any of the other documents executed in connection herewith. The Transfer Notice shall include a request that the Commission consent to the proposed Transfer. The Commission agrees to make its decision on Developer's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Commission receives the last of the items required by this Section 24. In the event the Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Developer to the Commission. From and after the effective date of any such Transfer, Developer shall be released from its obligations under this Agreement and the other documents executed in connection herewith accruing subsequent to such effective date.

24.3 Notwithstanding anything in this Agreement which may be or appear to be to the contrary, Developer agrees that it shall not be permitted to make any Transfer, whether or not the Commission consent is required therefor and even if the Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to the Commission or at any time thereafter until such Transfer is to be effective.

24.4 The provisions of this Section 24 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

25. HOME PROGRAM AND FEDERAL REQUIREMENTS.

In addition to any other obligations of the Developer to this Agreement, the Developer agrees to comply with all of the HOME Program Requirements, a summary of which is included as Exhibit "L".

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

The Commission:
COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By: _____
CARLOS JACKSON, Executive Director

APPROVED AS TO FORM:

RAYMOND G. FORTNER JR.
County Counsel

By: _____
Deputy

Developer: GAGE VILLAGE RESIDENTIAL
DEVELOPMENT, LLC

By: _____
LUIS ARMONA, President

By:
Its: _____

TABLE OF EXHIBITS

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EXHIBIT "O"	SAFELY SURRENDERED BABY LAW POSTER

EXHIBIT “A”

DIRECTORY OF DEFINED TERMS

Each of the following terms is defined in the section of the Loan Agreement referenced in parentheses.

Affordable Housing Cost (Section 4.1)
Agreement (preamble)
Applicable Governmental Restrictions (Section 5.1)
Area Median Income (Section 4.1)
Assisted Units (Recital C)
Base First Mortgage Amount (Section 4.8)
CDC (Section 5.11)
Claims (Section 5.4)
Closing Conditions (Section 2.2)
Commitment Deliver Date (Section 4.8)
County (Section 5.1)
Developer (Transaction Summary and Preamble)
Escrow (Section 2.1)
Escrow Holder (Section 2.1)
Event of Default (Section 10(A))
First Unit Loan (Section 4.8)
First Unit Loan Commitment(s) (Section 4.8)
The Commission (preamble)
The Commission Unit Deed of Trust (Section 4.2)
The Commission Unit Grant Deed (Section 4.9)
The Commission Unit Loans (Recital C)
The Commission Unit Loan Documents (Section 4.2)
The Commission Unit Note (Section 4.2)
The Commission Unit Title Policy (Section 4.9(ii))
Hazardous Materials (Section 5.7)
Homeownership Education (Section 2.3)
Low Income Households (Section 4.1)
Moderate-Income Household (Section 4.1)
Parties (preamble)
Party (preamble)
Project (Transaction Summary and Recital A)
Qualified Buyers (Section 4.1)
Qualified Financial Institution (Section 4.8)
Site (Recital A)
Subsidy Application (Section 4.9)
Term (Section 4.1)
Title Company (Section 2.2(3))
Transfer (Section 24.1)
Transfer Documents (Section 24.2)
Transfer Notice (Section 24.2)

EXHIBIT "B-1"

LEGAL DESCRIPTION OF THE SITE

THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

A STRIP OF LAND IRREGULAR WIDTH, BEING A PORTION OF LOT 6, OF THE PARTITION OF A PORTION OF SECTION 21, TOWNSHIP 2 SOUTH, RANGE 13 WEST, SAN BERNARDINO MERIDIAN, ALLOTTED TO MRS. MATHI H. MERRILL BY FINAL DECREE IN CASE NO. 9033 OF THE SUPERIOR COURT OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, SAID STRIP OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF MERRILL AVENUE WITH THE WESTERLY LINE OF THE RIGHT OF WAY AT THE LONG BEACH LINE OF THE PACIFIC ELECTRIC RAILWAY COMPANY, (AS GRANTED BY THE SAID SPALDING BY AGREEMENT DATED FEBRUARY 1, 1902, AND DEED DATED OCTOBER 17, 1902 AND RECORDED IN BOOK 2193 PAGE 48 OF DEEDS); THENCE FROM SAID POINT OF BEGINNING, WEST ALONG THE NORTH LINE ON MERRILL AVENUE, 1290 FEET TO CENTERLINE OF COMPTON ROAD; THENCE NORTH ALONG THE CENTERLINE OF COMPTON ROAD, 100 FEET TO A POINT; THENCE EAST ALONG A LINE PARALLEL TO AND 100 FEET NORTH OF THE NORTH LINE OF MERRILL AVENUE 1035 FEET TO THE POINT OF BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 245 FEET; THENCE EASTERLY, NORTHEASTERLY AND NORTHERLY ALONG SAID CURVE, 384.8 FEET TO THE END OF SAID CURVE; THENCE NORTHERLY ALONG A LINE PARALLEL TO AND 10 FEET WESTERLY FROM THE WESTERLY LINE OF THE RIGHT OF WAY OF THE LONG BEACH LINE OF THE PACIFIC ELECTRIC RAILWAY COMPANY, 950 FEET TO A POINT IN THE NORTH LINE OF ABOVE MENTIONED LOT 6; THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 6, 10 FEET TO THE WESTERLY LINE OF THE RIGHT OF WAY OF THE LONG BEACH LINE OF THE PACIFIC RAILWAY COMPANY; THENCE SOUTHERLY ALONG SAID RIGHT OF WAY LINE 1295 FEET TO THE POINT OF BEGINNING.

EXCEPT THERE FROM THAT PORTION OF SAID LAND LYING EASTERLY OF THE SOUTHERLY PROLONGATION OF THE CENTERLINE OF CONVERSE AVENUE, 60 FEET WIDE AS SHOWN ON THE MAP OF TRACT 5450, RECORDED IN BOOK 59 PAGE 94 AND 95 OF MAPS.

EXHIBIT “B-2”

PROJECT DESCRIPTION

The 32-unit single-family for-sale project will allocate 11 units as HOME-assisted units targeting families making no more than 80% of Area Median Income. All units have three bedrooms and 2.5 bathrooms, with 1,390 sq. ft interior living space, and a two-car attached garage. The targeted families must be first-time homebuyers as defined by HUD.

Developer plans to apply for City of Industry Fund to subsidize an additional 6 units targeting families making no more than 80% of Area Median Income. The targeted families must be first-time homebuyers as defined by HUD.

EXHIBIT "B-3"

SITE PLANS AND ELEVATIONS

(ATTACHED)

EXHIBIT “C”

PROJECT CC&RS

(NOT APPLICABLE)

EXHIBIT "D"

ASSISTED UNITS

TABLE 1 - 11 ASSISTED COMMISSION UNITS (HOME FUND)

FLOOR	TYPE BED/ BATH	PRICE	NUMBER OF UNITS
1,390 sq. ft.	3 bd/ 2.5 bath	\$281,745	9

TABLE 2 - 2 ASSISTED MIXED UNITS (HOME / INDUSTRY FUND - pending)

FLOOR	TYPE BED/ BATH	PRICE	NUMBER OF UNITS
1,390 sq. ft.	3 bd/ 2.5 bath	\$281,745	2

TABLE 3 – 4 ADDITIONAL ASSISTED UNITS (INDUSTRY FUND-pending)

FLOOR	TYPE BED/ BATH	PRICE	NUMBER OF UNITS
1,390 sq. ft.	3 bd/2.5 bath	\$281,745	4

EXHIBIT "E"

THE COMMISSION UNIT NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE

(Project No. _____)

_____[DATE]_____, 20_____

Los Angeles, California

Property Address:

[Insert: Property Address _____ City _____ State _____ Zip Code]

FOR VALUE RECEIVED, the undersigned, [Borrowers Name], hereafter called "Borrower," hereby jointly and severally promise to pay to THE COMMUNITY COMMISSION OF THE COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations).

(B) Original Sales Price. Borrower's original purchase price for the Property, namely \$ [insert purchase Price].

(C) Principal Sum. The original principal amount of this Note, namely \$ [insert amount of this note].

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal

entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. [insert today's date] , 20 , which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven thirty (30) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X COMMISSION PERCENTAGE =
2	48.34%	X COMMISSION PERCENTAGE =
3	46.67%	X COMMISSION PERCENTAGE =
4	45.00%	X COMMISSION PERCENTAGE =
5	43.34%	X COMMISSION PERCENTAGE =
6	41.66%	X COMMISSION PERCENTAGE =
7	40.00%	X COMMISSION PERCENTAGE =
8	38.34%	X COMMISSION PERCENTAGE =
9	36.67%	X COMMISSION PERCENTAGE =
10	35.00%	X COMMISSION PERCENTAGE =
11	33.40%	X COMMISSION PERCENTAGE =
12	31.66%	X COMMISSION PERCENTAGE =
13	30.00%	X COMMISSION PERCENTAGE =
14	28.34%	X COMMISSION PERCENTAGE =
15	26.67%	X COMMISSION PERCENTAGE =
16	25.00%	X COMMISSION PERCENTAGE =
17	23.34%	X COMMISSION PERCENTAGE =
18	21.66%	X COMMISSION PERCENTAGE =
19	20.00%	X COMMISSION PERCENTAGE =
20	18.34%	X COMMISSION PERCENTAGE =
21	16.67%	X COMMISSION PERCENTAGE =
22	15.00%	X COMMISSION PERCENTAGE =
23	13.34%	X COMMISSION PERCENTAGE =
24	11.66%	X COMMISSION PERCENTAGE =
25	10.00%	X COMMISSION PERCENTAGE =
26	8.34%	X COMMISSION PERCENTAGE =
27	6.67%	X COMMISSION PERCENTAGE =
28	5.00%	X COMMISSION PERCENTAGE =
29	3.34%	X COMMISSION PERCENTAGE =
30	1.66%	X COMMISSION PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR"). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth

in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender's decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

(A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, the Loan Reservation Agreement executed in connection herewith (the "Loan Agreement") or the Deed of Trust (this Note, the Loan Agreement and the Deed of Trust collectively, the "Loan Documents");

(B) Borrower's failure or delay in performing any other term or provision of this Note;

(C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 80 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);

(D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;

(E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;

(F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;

(G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default, if curable;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE LENDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO THE LENDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR "YEAR 1" IN THE NET APPRECIATION TABLE SHOWN IN SECTION 3 OF THIS NOTE. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO THE AMOUNT SHOWN IN SECTION 3 OF THIS NOTE (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR LENDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE LENDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES PROVISION BY ITS INITIALS BELOW:

BORROWER

BORROWER

6. PREPAYMENT. Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

7. SECURITY. This Note is secured by the Deed of Trust of even date herewith.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

9. ATTORNEYS' FEES. If any default is made hereunder, Borrower further promises to pay reasonable attorneys' fees and costs and expenses incurred by the Lender in connection with any such default or any other action or other proceeding brought to enforce any of the provisions of this Note. The Lender's right to such fees shall not be limited to or by its representation by staff counsel, and such representation shall be valued at customary and reasonable rates for private sector legal services.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Community Development Commission of the County of Los Angeles
 2 Coral Circle
 Monterey Park, California 91755-7425
 Attn: Executive Director

With a copy to: Community Development Commission of the County of Los Angeles
2 Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

If to Borrower: To the Property address stated on Page 1 above.

16. **DEFAULT INTEREST.** In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the "Default Rate").

17. **LENDER MAY ASSIGN.** Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. **BORROWER ASSIGNMENT PROHIBITED.** In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. **PROPERTY MAINTENANCE.** Borrower hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

(i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

(ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;

(iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and

(iv) In the event any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

20. **SUCCESSORS BOUND.** This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

BORROWER

BORROWER

EXHIBIT "F"

THE COMMISSION UNIT DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free recording
per Govt. Code Section 6103.

Recording Requested by and
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSOIN
OF THE COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE
RESTRICTIONS

DEED OF TRUST

(Second Deed of Trust on For-Sale Unit - Project No. _____)

This DEED OF TRUST is made this _____ day of _____, 200_, by and among
(Buyer(s)) _____ (herein, "Trustor"), _____ (Title Company) _____ (herein
"Trustee"), and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF
LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), whose address is 2
Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the
indebtedness herein recited and the trust herein created, irrevocably grants and
conveys to Trustee, in trust, with power of sale, the following described property
located in the County of Los Angeles, State of California, which has the address
of:

_____, California (herein "Property Address"), and legally described in Exhibit
"A" attached hereto;

TOGETHER, with all the improvements now and hereafter erected on the Property, and all
easements, rights, appurtenances and rents and income received from the Property (subject,
however, to the rights and authorities given herein to Beneficiary to collect and apply such
rents), all of which shall be deemed to be and remain part of the Property covered by this Deed

of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein collectively referred to as the "Property".

The Deed of Trust secures performance of all of Trustor's covenants and agreements under the Loan Agreement of the Second Trust Deed Assistance Program dated _____, 200 __, by and between Trustor and Beneficiary (herein "Reservation Agreement") and the Promissory Note in the principal sum of: XXXXXXXXXXXX Dollars (\$000000) (herein "Note") executed by Trustor in favor of Beneficiary dated _____, 200 __ and extensions and renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Beneficiary Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. Trustor Not Released: Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by

reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary: Community Development Commission of the County of Los Angeles
 2 Coral Circle
 Monterey Park, California 91755-7425
 Attn: Executive Director

With a copy to: Community Development Commission of the County of Los Angeles
 2 Coral Circle
 Monterey Park, California 91755-7425
 Attn: Director of Housing Development and Preservation Division

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion (in any event within 120 days from the date of the Notice); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be

entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a "default" under this Deed of Trust:

(a) Trustor's failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, the Reservation Agreement or this Deed of Trust (collectively, the "Loan Documents");

(b) Trustor's failure or delay in performing any other term or provision of the Note;

(c) Trustor's sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;

(d) Trustor's failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor's default under its obligations to the holder of the First Deed of Trust recorded against the Property;

(f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in

enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with

accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to lower income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustor. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustor to any Trustor appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustor and Trustor, the book and page where this instrument is recorded, and the name and address of the successor Trustor. The successor Trustor shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustor herein and by applicable law. This procedure for substitution of Trustor shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Sixty Dollars (\$60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed eighty percent (80%) of the Area Median Income (as defined below), on the later of:

(1) the date Trustor's initial occupancy of the Property; or

(2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 30 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a Trustor's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and the Restrictions.

27. Property Maintenance. Trustor hereby agrees to the following property maintenance terms and that failure to comply with these terms will constitute nonmonetary default to the loan.

(i) There shall be at least two covered parking spaces designated for each single-family residence. The required parking spaces shall be maintained continuously available for vehicular parking only and shall not be used for storage, automobile repair, or any other unauthorized use;

(ii) The wall, gate, landscaping, and irrigation system located within the front yard shall be continuously and properly maintained in good condition and replaced as necessary;

(iii) All structures, walls and fences open to public view shall remain free of extraneous markings, drawings, or signage. These shall include any of the above that do not directly relate to the use of the property, or that do not provide pertinent information about the premises. The only exceptions shall be seasonal decorations or signage provided under the auspices of a civic or non-profit organization; and

(iv) In the event any such extraneous markings occur, they shall be removed or covered within 24 hours of such occurrence, weather permitting. Paint utilized in covering such markings shall be of a color that matches, as closely as possible the color of the adjacent surfaces.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

Date: _____

Trustor

Date: _____

Trustor

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____, Notary Public, personally
appeared _____ personally known to me (or proved to me on the basis
of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and
acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

WITNESS my hand and official seal.

Signature

EXHIBIT “A” TO DEED OF TRUST

Legal Description

(Insert Unit Legal Description Post Subdivision)

EXHIBIT "G"

UNIT BUYER AGREEMENT

Recording Requested by:

Community Development Commission
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

When Recorded, Mail to:

Community Development Commission
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attn: Housing Development & Preservation Division

-----SPACE ABOVE FOR RECORDER'S USE-----
THIS LOAN AGREEMENT INCLUDES RESALE RESTRICTIONS
COMMUNITY DEVELOPMENT COMMISSION
OF THE
COUNTY OF LOS ANGELES
LOAN AGREEMENT
SECOND TRUST DEED ASSISTANCE PROGRAM

THIS LOAN AGREEMENT (the "Agreement") is made this ___ day of _____ by and between _____, ("Participant" or "Maker") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES (the "Commission" or "Holder").

RECITALS

A. Participant has entered into an agreement (the "Purchase Agreement") to purchase a single family home, located at _____, Los Angeles County, California, and as said certain real Property is more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Property").

B. Participant requires financial assistance to purchase the Property and would not be able to purchase the Property without such assistance. Participant is a person or a member of a family of low income who currently earns between 60% and 80% of the current annual median income for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as those terms are defined by the Department of Housing and Urban Development (HUD).

C. Participant has represented to the Commission that Participant and Participant's immediate family intend to reside in the Property as the family's principal residence at all times throughout the term of this Agreement.

D. The Commission desires to assist persons and families of low income ("Eligible Persons and Families") to purchase residential Property and to increase, improve and preserve low to moderate income housing available at affordable housing cost within the territorial jurisdiction of the Commission. All uses of HOME Investment Partnerships Program (HOME) funds under the terms of this Agreement shall be in accordance with requirements of HOME regulations, as applicable. Repayment of any HOME funds is required in the event the use of the housing does not continuously comply with the terms of the Agreement for the specified time.

E. To promote these goals the Commission is providing a Second Trust Deed Assistance Program (the "Program"), under which the Commission may provide a subsidy not exceeding Seventy Four Thousand Two Hundred Twenty Two Dollars (\$74,222) to Eligible Persons and Families toward the purchase price of a single family home. The Commission intends that the subsidy provided in the form of a secondary financing secured by a deed of trust is to assist homebuyers who are Eligible Persons and Families to purchase residential Property for owner occupancy.

F. The Commission wishes to lend and Participant wishes to borrow Program funds in the form of a secondary financing loan secured by a deed of trust to assist Participant to purchase the Property pursuant to the Program and subject to the terms and conditions set forth herein.

G. The Commission may, at its discretion, hire an Administrator (the "Administrator") to administer the Program.

NOW, THEREFORE, for good and valuable consideration the parties agree as follows:

1. **Commission Loan.** The Commission shall loan to Participant (the "Commission Loan") the amount of _____ (\$_____) (the "Note Amount") subject to the conditions and restrictions set forth herein and those set forth in the Promissory Note, Commission Deed of Trust, and the Disclosure Statement (as those terms are hereinafter defined) for the Program. The Commission Loan shall be paid to the seller of the Property (the "Seller") by the Commission through deposit of the Commission Loan proceeds into escrow with _____, the "Escrow Agent" (Escrow No. ____). The Commission or Administrator shall direct the Escrow Agent to apply the proceeds of the Commission Loan on behalf of Participant to the purchase price of the Property, and, at Participant's election, to the costs of closing, escrow fees, recording fees, loan points and fees, and/or document fees directly associated with the purchase of the Property. At such time, Participant shall execute, as maker, and deliver to the Commission or Administrator a promissory note in favor of the Commission as holder, in the principal amount of the Commission Loan at zero percent (0%) interest, substantially in the form of Exhibit "E" attached hereto and incorporated herein by this reference (the "Note" or "Promissory Note"). Participant shall also execute and deliver to the Commission a second deed of trust which shall secure the Note, in the form of Exhibit "F" attached hereto and incorporated herein by this reference (the "Commission Deed of Trust".)

2. **Notice to Commission.** Participant agrees to notify the Commission or Administrator not less than thirty (30) days prior to (i) the sale of the Property, (ii) the transfer, including, without limitation, lease, exchange or other disposition of any interest in the Property, (iii) any refinancing of any lien to which the lien of the Commission Deed of Trust is subordinate (the "First Lien") or (iv) the close of a probate estate following the death of Participant (unless Participant is more than one person and one or more of the other people comprising Participant survives), in which case a notification should be made by the legal representative of Participant.

3. **Acceleration.** The Commission Loan shall become due and immediately payable upon the occurrence of any one of the following events: (i) sale or transfer of the Property, including, without limitation, lease, exchange or other disposition of the Property or any interest therein whether voluntary or involuntary, (ii) the refinancing of the First Lien for a loan amount in excess of the then current loan balance secured by the First Lien plus costs of refinancing, (iii) such time, if ever, when Participant is no longer an occupant of the Property pursuant to Section 4 of this Agreement or is in default of any other obligation under this Agreement, (iv) the close of a probate estate following the death of Participant (unless Participant is more than one person and one or more of the other people comprising Participant survives), (v) Participant defaults on the Promissory Note, (vi) Participant defaults on the Commission Deed of Trust. At the request of Participant, the Commission may, in its sole and absolute discretion, in writing waive the requirements of this Section 3 and defer repayment and/or extend the term of the Commission Loan.

The Commission Loan will be totally forgiven on the 30th Anniversary of the Date of this Agreement.

4. **Right of First Refusal (ROFR).** In the event the Participant should choose to sell or transfer the Property, the Commission shall, in any and all circumstances, retain the Right of First Refusal ("ROFR"). The ROFR shall provide the Commission the first right to purchase the Property at the Fair Market Value. The Commission shall appoint a Certified Independent Appraiser to conduct an appraisal of the Property, at Participant's Expense to determine the Fair Market Value of the Property. Participant agrees that in such event, the sale price to the Commission shall be the Fair Market Value determined by such appraisal, less Commission Loan and Appreciation Share Requirement amount. The Commission shall have twenty (20) days following receipt of Participant's written Offer of the ROFR to accept or reject such offer by serving Participant with written notice of Commission decision. If Commission rejects the ROFR Offer or fails to accept or reject the ROFR within twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of ROFR Offer and the ROFR Offer shall expire and be of no further force or effect, and Participant shall thereafter have the right to sell the Property to any third party. A sale to a third party or an exercise of the ROFR shall trigger the Appreciation Share Requirement as set out in this Agreement and Promissory Note.

If Commission accepts in writing the ROFR Offer within the Twenty (20) day period following Participant's service of the ROFR Offer, then within (20) days after Commission acceptance of the ROFR a Sales Escrow shall be opened and closed as soon as practical but the closing shall not occur later than sixty (60) calendar days after receipt of Participant's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Trustor and Commission shall execute a purchase and

sale agreement in standard form acceptable to the Commission. If the Commission exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Commission's control, the ROFR will not terminate.

5. Appreciation Share Requirement For Transfer. In the event that the Commission Loan becomes due and payable pursuant to section 3 of this Agreement, the Participant shall pay to the Commission an amount equal to the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Participant and pre-approved by Commission ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Participant in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Participant under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "Commission Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than a conveyance of the Participant's fee interest in the Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Participant and Commission are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made by an Appraiser selected by Commission. Participant and Commission shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Participant. Participant's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As described in this Section 5, Participant will be required to pay Commission on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 5, the amount due to Commission from the Participant shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Participant's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DATE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X COMMISSION PERCENTAGE =
2	48.34%	X COMMISSION PERCENTAGE =
3	46.67%	X COMMISSION PERCENTAGE =
4	45.00%	X COMMISSION PERCENTAGE =
5	43.34%	X COMMISSION PERCENTAGE =
6	41.66%	X COMMISSION PERCENTAGE =
7	40.00%	X COMMISSION PERCENTAGE =
8	38.34%	X COMMISSION PERCENTAGE =
9	36.67%	X COMMISSION PERCENTAGE =
10	35.00%	X COMMISSION PERCENTAGE =
11	33.40%	X COMMISSION PERCENTAGE =
12	31.66%	X COMMISSION PERCENTAGE =
13	30.00%	X COMMISSION PERCENTAGE =
14	28.34%	X COMMISSION PERCENTAGE =
15	26.67%	X COMMISSION PERCENTAGE =
16	25.00%	X COMMISSION PERCENTAGE =
17	23.34%	X COMMISSION PERCENTAGE =
18	21.66%	X COMMISSION PERCENTAGE =
19	20.00%	X COMMISSION PERCENTAGE =
20	18.34%	X COMMISSION PERCENTAGE =
21	16.67%	X COMMISSION PERCENTAGE =
22	15.00%	X COMMISSION PERCENTAGE =
23	13.34%	X COMMISSION PERCENTAGE =
24	11.66%	X COMMISSION PERCENTAGE =
25	10.00%	X COMMISSION PERCENTAGE =
26	8.34%	X COMMISSION PERCENTAGE =
27	6.67%	X COMMISSION PERCENTAGE =
28	5.00%	X COMMISSION PERCENTAGE =
29	3.34%	X COMMISSION PERCENTAGE =
30	1.66%	X COMMISSION PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Participant's investment in the Property, the Participant shall receive the full amount of Participant's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Participant's investment" is defined as the following costs, if paid by Participant: downpayment, payments to

reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

In the event there is a Commission Tertiary Trust Deed on the Property, "Net Appreciation" remains as defined in this section.

6. Income Information. Participant has submitted an eligibility verification form to the Commission prior to execution of this Agreement. Participant represents, warrants, and declares under penalty of perjury to the Commission that all information Participant has provided and will provide in the future to the Commission is and will be true, correct and complete. Participant acknowledges that the Commission is relying upon Participant's representations that Participant is an Eligible Person or Family, and Commission would not have entered into this Agreement if Participant did not so qualify. Area median income for Los Angeles County is adjusted for family size and is periodically determined by the U.S Department of Housing and Urban Development("HUD"). Current income limits based on family size are shown below:

<u>Family</u>		<u>Family</u>	
<u>Size</u>	<u>Income</u>	<u>Size</u>	<u>Income</u>
1	\$33,300	5	\$51,450
2	\$38,100	6	\$55,200
3	\$42,800	7	\$59,000
4	\$47,600	8	\$62,850

(Note: These figures will be updated annually according to HUD)

7. First Time Homebuyer. Participant represents and warrants to the Commission that neither Participant nor any of Participant's immediate family residing in the Property has, or has had, a ownership interest in a principal residence at any time during all or any part of the three (3) years immediately prior to the funding of the Commission Loan.

8. Eligible Property. The Property is eligible pursuant to the Program as a single-family home, a condominium, or townhome located within unincorporated Los Angeles County and/or designated Participating Cities.

9. Loan Servicing. The Commission will administer the loan, but may contract with a private lender to originate and service the Commission Loan.

10. Participant Financing. Participant shall obtain first mortgage financing for the purchase of the Property from a reputable institutional lender approved by the Commission (the "Lender").

11. Subordination.
The Commission will not subordinate to any refinancing of the first trust deed unless it is expressly for the purpose of reducing monthly payments or to obtain financing for maintenance or repair of the Property approved by the Commission.

In the event the Participant desires to refinance for reasons other than those shown above, and requires the Commission to subordinate its interests, a request may be made of the Executive Director of the Commission. The Commission will respond to such requests within a period of 30 days. However the Commission's failure to respond to any such request shall not be construed as consent to subordinate its interests.

Any First Lien on the Property held by the Lender shall be prior and superior to the Commission Deed of Trust. Thus, any party, its successors and assigns receiving title to the Property through a trustee's sale, judicial foreclosure sale, or deed in lieu of foreclosure, or upon assignment of the First Deed of Trust to HUD, and any conveyance or transfer thereafter, shall receive title free and clear of the Commission Deed of Trust.

Notwithstanding anything to the contrary contained herein, the rights of the Commission to apply hazard insurance proceeds or a condemnation award shall be subject to the rights of the first mortgage holder to collect such proceeds.

Participant agrees it shall instruct the escrow holder for the acquisition of the Property by the Participant that the order of recording in the escrow for the purchase of the Property by the Participant shall occur as follows: 1) the First Lien; 2) the Commission Deed of Trust.

The Participant shall cause a Request for Notice to be recorded on the Property subsequent to the recordation of the First Lien deed of trust or mortgage requesting a statutory notice of default as set forth in the California Civil Code. Such notice shall be sent to:

Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755
Attention: Director, Housing Development & Preservation

12. Insurance. Participant shall maintain, during the term of the Commission Loan, an all-risk Property insurance policy insuring the Property in an amount equal to the full replacement value of the structures on the Property. The policy shall name the Commission as loss payee and shall contain a statement of obligation on behalf of the carrier to notify the Commission of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. Participant shall transmit a copy of the certificate of insurance and loss payee endorsement to Commission within thirty (30) days of the effective date of this Agreement, and Participant shall annually transmit to Commission a copy of the certificate of insurance and a loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Commission as follows:

Community Development Commission
of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Attention: Director, Housing Development & Preservation

Any certificate of insurance must be in a form, content, and with companies approved by Commission.

13. Defaults.

A. Non-Monetary Default

Failure or delay by Maker to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if any such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to promptly cure within such thirty (30) day period, and thereafter diligently pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

B. Monetary Default

Notwithstanding the foregoing, the Maker's failure or delay to make any timely payment of principal or interest when due shall constitute a monetary default herein.

C. Holder's Rights in the Event of Default

IN THE EVENT MAKER IS IN DEFAULT OF THIS AGREEMENT BY FRAUDULENTLY OR INTENTIONALLY MISREPRESENTING THE INCOME INFORMATION SUBMITTED TO THE HOLDER PURSUANT TO SECTION 6 OF THIS AGREEMENT OR FAILING TO OCCUPY THE PROPERTY PURSUANT TO PARAGRAPH C OF THIS AGREEMENT AND DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE AS ESTABLISHED IN A MANNER CONSISTENT WITH SECTION 4 HEREIN, THE PARTIES AGREE THAT THE HOLDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. MAKER AND HOLDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE HOLDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF THE PROGRAM OBJECTIVES AND THE LOSS OF PROGRAM FUNDS AVAILABLE TO ASSIST ELIGIBLE PERSONS AND FAMILIES PURSUANT TO THE PROGRAM RESULTING IN DAMAGE AND LOSS TO THE HOLDER. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH

DAMAGES TO THE HOLDER, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT SPECIFIED FOR YEAR 1 IN THE APPRECIATION SHARE TABLE SHOWN IN SECTION 5 OF THIS AGREEMENT. THE PARTIES AGREE THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE PAID IN LIEU OF (AND NOT IN ADDITION TO) THE NET APPRECIATION PERCENTAGE AMOUNTS TO BE PAID PURSUANT TO THE AMOUNT SHOWN IN SECTION 5 OF THIS AGREEMENT (BUT THAT SUCH LIQUIDATED DAMAGES SHALL IN ANY EVENT BE IN ADDITION TO THE AMOUNT OF THE PRINCIPAL SUM WHICH IS DUE AND PAYABLE AS A RESULT OF SUCH DEFAULT, AND SHALL IN NO WAY IMPAIR HOLDER'S RIGHTS TO EXERCISE A POWER OF SALE OR FORECLOSE UNDER THE DEED OF TRUST IN ORDER TO COLLECT THE PRINCIPAL SUM AND ANY OTHER SUMS PAYABLE HEREUNDER) AND THAT SUCH LIQUIDATED AND AGREED DAMAGES SHALL BE DUE AND PAYABLE TO THE HOLDER SIXTY (60) DAYS AFTER THE OCCURRENCE OF A DEFAULT SPECIFIED HEREIN THAT IS NOT SOONER CURED, BUT NO LATER THAN REPAYMENT OF THE NOTE.

THE MAKER AND THE HOLDER SPECIFICALLY ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION BY THEIR SIGNATURES BELOW:

MAKER

HOLDER

14. **Non-Waiver.** Failure to exercise any right the Commission may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

15. **Documents.** Participant is aware that the Commission has prepared certain documents to implement the Program and secure repayment of the Commission Loan. Participant has reviewed and agrees to execute the following documents in substantially the form as attached hereto prior to receiving the Commission Loan, and any other documents reasonably required by the Commission or a participating entity to complete the transaction contemplated herein:

- (a) Promissory Note
- (b) Commission Deed of Trust
- (c) Deed of Trust Rider

Participant agrees and acknowledges that the Commission Deed of Trust and this Loan Agreement shall be recorded against the Property with the County Recorder of the County of Los Angeles and shall appear of record with respect to and as encumbrances against the Property.

16. **Further Assurances.** The Participant shall execute any additional documents consistent with the terms of this Agreement, including documents in recordable form, as the Commission shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement and making the Commission Loan.

17. **Governing Law.** The Participant hereby agrees to comply with all ordinances, rules, and regulations of the Commission and the County of Los Angeles (the "County"). Nothing in this Agreement is intended to be, nor shall it be deemed to be, a waiver of any County ordinance, rule, or regulation. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate superior court in that county, or in the Federal District Court in the Central District of California.

18. **Amendment of Agreement.** No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Participant and County.

19. **Commission May Assign.** Commission may, at its option, assign its right to receive repayment of the Commission Loan proceeds without obtaining the consent of the Participant.

20. **Participant Assignment Prohibited.** In no event shall Participant assign or transfer any portion of this Agreement without the prior express written consent of the Commission, which consent may be given or withheld in the Commission's sole discretion. No assumption of the Commission Loan shall be permitted at any time. This section shall not affect or diminish the Commission's right to assign all or any portion of its rights to the proceeds of the Commission Loan hereunder.

21. **Relationship of Participant and the Commission.** The relationship of Participant and Commission pursuant to this Agreement is that of debtor and creditor and shall not be, or be construed to be a joint venture, equity venture, partnership, or other relationship.

22. **Notices.** Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Participant:

To Commission: Community Development Commission
 of the County of Los Angeles
 2 Coral Circle
 Monterey Park, CA 91755
 Attention: Director, Housing Development & Preservation

Either party may change its address for notice by giving written notice thereof to the other party.

23. **Attorneys' Fees and Costs.** In the event that any action is instituted to enforce payment or performance under this Agreement, the parties agree the non-prevailing party shall be responsible for and shall pay all costs and all attorneys' fees incurred by such prevailing party in enforcing this Agreement.

24. **Participant Cooperation.** The Participant shall provide all information and documentation requested by the Commission in monitoring occupancy and ownership of the home, for the term of affordability.

25. **Entire Agreement.** This Agreement, together with all attachments hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between the Commission and the Participant concerning all or any part of the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

"PARTICIPANT"

Date: _____

By: _____

Printed Name: _____

Date: _____

By: _____

Printed Name: _____

"COMMUNITY DEVELOPMENT COMMISSION"
COUNTY OF LOS ANGELES

Date: _____

By: _____

CARLOS JACKSON, Executive Director

STATE OF CALIFORNIA)

) ss.

COUNTY OF LOS ANGELES)

On _____ before me, _____ Notary Public (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

STATE OF CALIFORNIA)

) ss.

COUNTY OF LOS ANGELES)

On _____ before me, _____ Notary Public, (here insert name and title of the officer), personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(SEAL)

EXHIBIT "H"

ENVIRONMENTAL SPECIAL CONDITIONS

Project: Gage Village

The following special conditions/environmental mitigation measures must be included in the project contract and later implemented as part of the project scope to alleviate adverse environmental impacts. The environmental clearance is conditioned upon the implementation of all special conditions/mitigation measures

1. **Conformance with Plans and Zoning.** Zone change approval, or other appropriate administrative approval, to allow for residential development on the portion of the site currently zoned for light manufacturing (M-1) shall be obtained prior to issuance of a building permit.
2. **Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:
 - a) Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.
 - b) Windows and sliding glass doors facing Gage Avenue, Compton Avenue, and the Metro line railway track shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).
 - c) Exterior doors facing Gage Avenue, Compton Avenue and the Metro line railway track shall be solid-core with perimeter weather stripping and threshold seals.
3. **Historic, Cultural, and Archaeological Resources.** Archaeological resources are not known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that further disturbance shall not occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.

5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - a) To the degree feasible, landscaped areas shall be deigned with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - b) All new structures shall be fitted with water conserving fixtures, including but not limited to, low flow faucets and toilets.

6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

EXHIBIT "I"

FINANCIAL SUMMARY & UNIT SUBSIDY

(HOME FUND - PROJECT NO. HE0083)

Assumptions

Sales Price
100% AMI 5 Person Income
Per Unit Land Cost
First TD Interest Rate

11 HOME units targeting 80%AM

\$350,000
\$70,700
\$0
6.50%

	Prevailing Wage
Target Area Median Income (AMI)	80% AMI
Underwriting assumption	77.5%
# of Commission (aka HOME) Units	9
Income level	\$54,793
Annual Housing Income (35%)	\$19,177
(Less) Insurance	(\$1,764)
(Less) HOA fees	\$0
(Less) Property Taxes (1%)	(\$4,375)
TOTAL ANNUAL INCOME AVAILABLE FOR DEBT SERVICE	\$13,038
Down Pmt 0%	\$0
Mortgage @ 6.50% Base First Mortgage Amount:	\$171,901
HOME Secondary Financing	\$171,234
CDC Non-Monetary Financing	\$6,865
TOTAL PER UNIT FINANCING	\$350,000
Total Max Secondary Financing for 9 HOME-Only Units	\$1,541,106
# of Mixed (aka HOME/Industry) Units	2
Income level	\$54,793
Annual Housing Income (35%)	\$19,177
(Less) Insurance	(\$1,764)
(Less) HOA fees	\$0
(Less) Property Taxes (1%)	(\$4,375)
TOTAL ANNUAL INCOME AVAILABLE FOR DEBT SERVICE	\$13,038
Down Pmt	\$0
Mortgage Base First Mortgage Amount:	\$171,901
HOME Secondary Financing	\$161,186
Industry Monetary Tertiary Financing	\$10,048
CDC Non-Monetary Financing	\$6,865
TOTAL PER UNIT FINANCING	\$350,000
Total Max Secondary Financing for 2 HOME/Industry Units	\$342,468

EXHIBIT "J"

THE COMMISSION REQUIREMENTS

(HOME FUND - PROJECT NO. _____)

The Developer agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Developer, immediately terminate the right of the Developer to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Developer, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Developer's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Developer as it could pursue in the event of default by the Developer.

The Developer shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Developer shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Developer's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Developer's compliance with all contract terms and performance standards. Developer deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Developer. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Developer's Warranty of Adherence to Commission's Child Support Compliance Program

Developer acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles County.

As required by the Commission's Child Support Compliance Program and without limiting Developer's duty under this Agreement to comply with all applicable provisions of law, Developer warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Developer to maintain compliance with the requirements set forth in Paragraph 4, "Developer's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Developer under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Developer, pursuant to Commission policy.

6. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Developer.

7. Drug-Free Workplace Act of the State of California

Developer certifies under penalty of perjury under the laws of the State of California that the Developer will comply with the requirements of the Drug-Free Workplace Act of 1990.

8. Compliance with Laws

The Developer agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Developer shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C.

18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Developer must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Developer shall comply with the following laws:

9. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Developer shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

10. Section 109 of the Housing and Community Development Act of 1974

Developer shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

11. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Developer shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

12. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Developer shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status, or disability. The Developer will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Developer will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Developer's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Developer will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Developer will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Developer's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Developer may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Developer will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Developer will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Developer becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Developer may request the United States to enter into such litigation to protect the interests of the United States.

13. Notice to Employees Regarding the Federal Earned Income Credit

Developer shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

14. Use of Recycled-Content Paper Products

Developer agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

15. Developer Responsibility and Debarment

- A. A responsible Developer is a Developer who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Developers.
- B. The Developer is hereby notified that if the Commission acquires information concerning the performance of the Developer on this or other contracts which indicates that the Developer is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Developer from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Developer may have with the Commission.
- C. Commission may debar a Developer if the Board of Commissioners finds, in its discretion, that the Developer has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Developer's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.
- D. If there is evidence that the Developer may be subject to debarment, Commission will notify the Developer in writing of the evidence which is the basis for the proposed debarment and will advise the Developer of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Developer and/or the Developer's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Developer should be debarred, and, if so, the appropriate length of time of the debarment. If the Developer fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Developer may be deemed to have waived all rights of appeal.
- F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners.

The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

G. These terms shall also apply to subcontractors of Commission Developers.

16. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Developer agrees to send to each labor organization or representative of workers with which the Developer has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Developer's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The Developer agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Developer will not subcontract with any subcontractor where the Developer has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Developer will certify that any vacant employment positions, including training positions, that are filled (1) after the Developer is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Developer's obligations under 24 CFR Part 135.

- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

17. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

18. Lead-Based Paint

Developer and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Developer shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

19. Notice To Employees Regarding The Safely Surrendered Baby Law

Developer shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit "O" Safely Surrendered Baby Law Poster of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

20. Developer's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Developer acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Developer understands that it is the Commission's policy to encourage all Commission Developers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Developer's place of business. Developer will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Developer with the poster to be used.

21. Lobbyist Ordinances

Federal Lobbyist Requirements: Developer is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Developer must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Developer will comply with the Lobbyist Requirements.

Failure on the part of the Developer or persons/subcontractors acting on behalf of the Developer to fully comply with the Federal Lobbyist Requirements may cause them to be subject to civil penalties.

EXHIBIT "K"

PARITY RIDER—EQUAL PRIORITY RIDER TO UNIT DEED OF TRUST

(HOME FUND - PROJECT NO. _____)

1. EQUAL PRIORITY RIDER TO UNIT DEED OF TRUST

(for use where other junior lienholders will have equal priority with the HACOLA Loan; in order for the Rider to operate as anticipated, the Parity Lender must have a corresponding rider attached to its deed of trust)

This Rider is attached to the Deed of Trust, and is hereby incorporated therein. The Deed of Trust:

(i) is subordinate and subject to a first deed of trust, in favor of _____ as beneficiary, recording prior to the Deed of Trust, and

(ii) is of equal priority with the subordinate deed of trust ("Parity Trust Deed"), in favor of _____ as beneficiary ("Parity Lender"), recording at approximately the same time as the Deed of Trust.

Any default by Borrower under the Parity Trust Deed shall also be deemed to be default under the Deed of trust. Any proceeds (net of expenses of the sale or foreclosure) received by CDC or Parity Lender through a deed-in-lieu, trustee's sale or foreclosure with respect to the subject property following a default by Borrower shall be divided and shared by CDC and Parity Lender in proportion to their respective unpaid loan balances secured by an interest in the subject property. For purposes of the foregoing, the "proceeds" of a deed-in-lieu, trustee's sale or foreclosure in which either CDC or Parity Lender acquires the subject property shall mean the fair market value of the property acquired.

EXHIBIT "L"

HOME PROGRAM REQUIREMENTS

SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

All developments which are assisted using HOME program funds must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity, as set forth in 24 CFR part 5, subpart A.

Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d) -- States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 28 CFR Part 1.

Title VIII of the Civil Rights Act of 1968, As Amended "the Fair Housing Act" (42 U.S.C. 3601) -- Prohibits discrimination in the sale or rent of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.

Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259) -- Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR part 107.

Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) -- Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.

Equal Employment Opportunity, Executive Order 11246, As Amended -- Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.

HOME PROGRAM HOMEBUYER QUALIFICATION

All HOME projects must comply with the homebuyer qualification procedures established by the Commission in compliance with the HOME Program pursuant to 24 CFR Part 92 Section 254 and 25.

AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

WHAT AMERICANS WITH DISABILITIES ACT REQUIRES

The Americans With Disabilities Act of 1990 regulations require that a recipient of Federal financial assistance ensure that its program is accessible to persons with disabilities. In order to meet this obligation, participants in the HOME Program must ensure that all public areas in the development are accessible by persons with disabilities, including the sales office.

COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

EXHIBIT "M"

SCHEDULE OF PERFORMANCE

(HOME FUND - PROJECT NO. _____)

(See Attached)

SCHEDULE OF PERFORMANCE

- | | |
|--|--|
| 1. <u>Execution and Delivery of Agreement by Developer.</u> The Developer shall execute and deliver this Agreement to the Commission. | Not later than 5 days after receipt of this Agreement by Developer for execution. |
| 2. <u>Execution of Agreement by Commission.</u> The Board of Commissioners shall authorize execution of this Agreement. Commission will deliver a copy of the executed Agreement to the Developer. | Following approval by the Board of Commissioners. |
| 3. <u>Submission of Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> The Developer shall prepare and submit to the Commission for review and approval Final Construction Plans, Drawings, Final Landscaping Plans, and a Construction Contract for the Site's development. | No later than 30 days following execution of this Agreement. |
| 4. <u>Approval – Final Construction Plans, Drawings, Landscaping Plans, and Contract.</u> The Commission shall approve or disapprove the Developer's Final Construction Plans, Drawings, Landscaping Plans, and Construction Contract for the Site. | Within 21 days after receipt thereof by the Commission. |
| 5. <u>Submission of Certificates of Insurance.</u> The Developer shall furnish to the Commission appropriate certificates of insurance policies. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 6. <u>Governmental Permits.</u> The Developer shall obtain any and all permits required by the County or any other governmental agency. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 7. <u>Submission of Security Plan and Marketing Plan.</u> The Developer shall submit to the Commission, in a form | Prior to the date set forth herein for the commencement of the Developer Improvements. |

acceptable to the Commission, a plan for the security of the Site during and after construction, and a plan for the marketing and sale of the Assisted Unit, to include a resume for the marketing/sales agent.

- | | |
|--|--|
| 8. <u>Commencement of Construction of Developer Improvements.</u> The Developer shall commence construction of the Developer Improvements. | Commencement of construction shall not be later than 90 days after the date of execution of the Development Agreement. |
| 9. <u>Identification of Qualified Homebuyers.</u> Developer shall identify at least eleven qualified homebuyers for the Assisted Unit. | At least 30 days before completion of Developer Improvements. |
| 10. <u>Completion of Construction of Developer Improvements.</u> Developer shall complete construction of the Developer Improvements. | Within 180 days after commencement thereof by the Developer. |
| 11. <u>Issuance of Certificate of Completion.</u> The Commission shall furnish the Developer with a Certificate of Completion. | Promptly after completion of all construction required to be completed by the Developer on the Site and upon written request therefore by the Developer. |
| 12. <u>Sale of Assisted Unit to a Qualified Buyer.</u> Developer shall complete close of escrow of the Assisted Unit to a Qualified Homebuyer. | Within 60 days after completion of Developer Improvements. |

EXHIBIT "N"

DESIGN REVIEW GUIDELINES AND REVIEW PROCESS

(HOME FUND - PROJECT NO. _____)

(See Attached)

FOR PROJECTS IN AN UNINCORPORATED AREA OR CITY WITHOUT A DESIGN REVIEW PROCESS

6/29/04

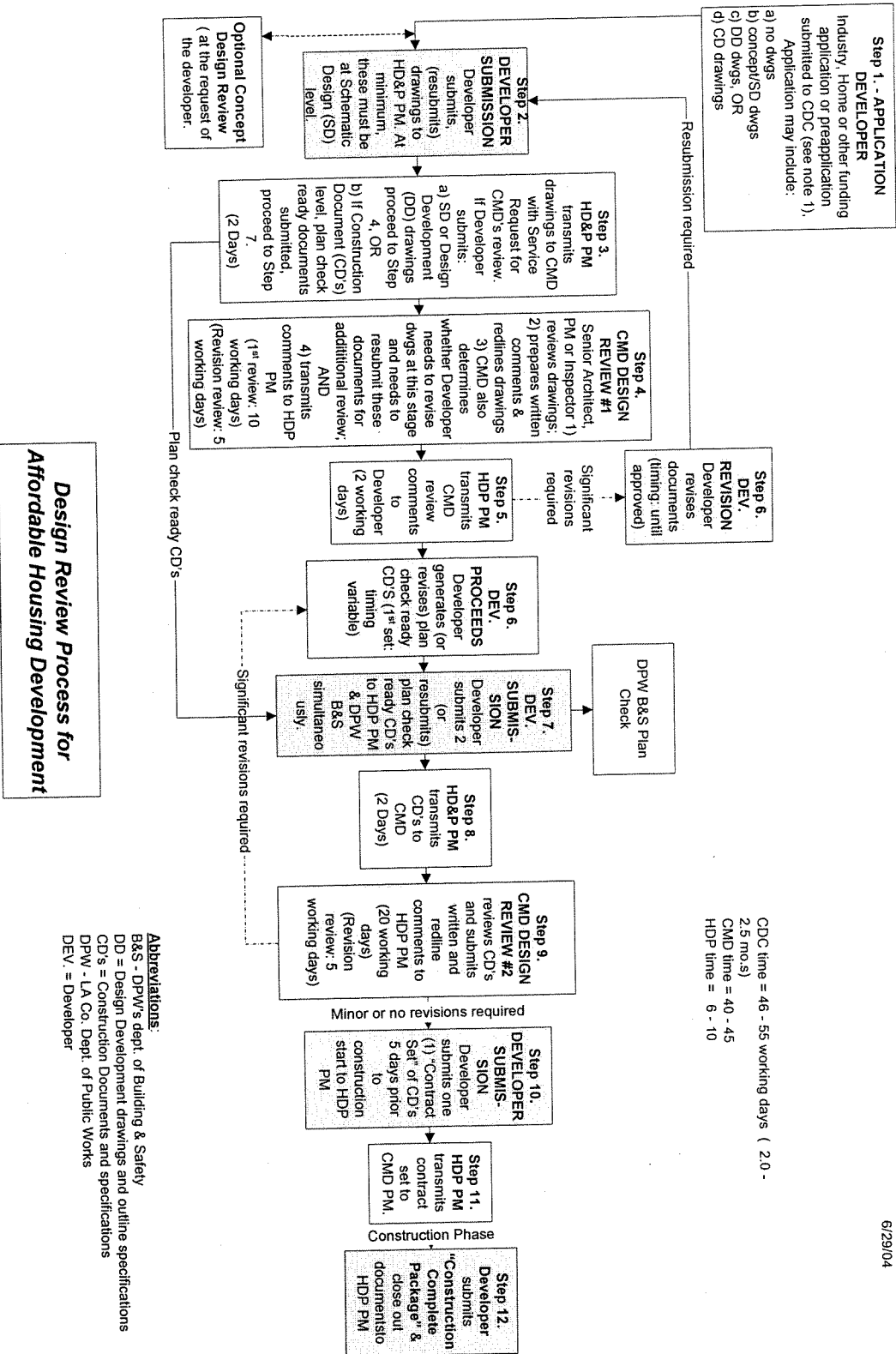


EXHIBIT "O" TO LOAN AGREEMENT

BABY LAW FACT SHEET

PLEASE SEE ATTACHMENTS FOLLOWING THIS PAGE

No shame.

No blame.

No names.

**Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.**



In Los Angeles County:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District
Yvonne Brathwaite Burke, Supervisor, Second District
Zev Yaroslavsky, Supervisor, Third District
Don Knabe, Supervisor, Fourth District
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena. Sin culpa. Sin peligro.

**Los recién nacidos pueden ser entregados
en forma segura en la sala de emergencia de
cualquier hospital o en un cuartel de bomberos
del Condado de Los Angeles.**



En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



Estado de California
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos
(Health and Human Services Agency)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(Department of Social Services)
Rita Saenz, Directora



Consejo de Supervisores del Condado de Los Angeles

Gloria Molina, Supervisora, Primer Distrito

Yvonne Brathwaite Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta Iniciativa tambien esta apollada por First 5 LA y INFO LINE de Los Angeles.

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazaletes y el padre/madre recibirá un brazaletes igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

**Cada recién nacido merece una
oportunidad de tener una vida saludable.
Si alguien que usted conoce está pensando
en abandonar a un recién nacido, infórmele
qué otras opciones tiene.**

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.

APPENDIX A

Mitigation Monitoring Plan Gage Village Construction Project

This section reflects the mitigation monitoring and reporting program requirements of Public Resources Code Section 21081.6 in accordance with CEQA Guidelines 15097:

“...In order to ensure that the mitigation measures and project revisions identified in the EIR or negative declaration are implemented, the public agency shall adopt a program for monitoring or reporting on the revisions which it has required in the project and the measures it has imposed to mitigate or avoid significant environmental effects. A public agency may delegate reporting or monitoring responsibilities to another public agency or to a private entity which accepts the delegation; however, until mitigation measures have been completed the lead agency remains responsible for ensuring that implementation of the mitigation measures occurs in accordance with the program.”

Mitigation Measure	Responsible Party	Monitoring Agency	Monitoring Timing
Conformance with Plans and Zoning: Zone change approval, or other appropriate administrative approval, to allow for residential development on the portion of the site currently zoned for light manufacturing (M-1) shall be obtained prior to issuance of a building permit.	Community Development Commission/Contractor	Community Development Commission	Pre-construction
Noise: In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:			
a) Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.	Architect/Contractor	Community Development Commission	Construction
b) Windows and sliding glass doors facing Gage Avenue, Compton Avenue, and the Metro line railway track shall be double-paned glass	Contractor	Community Development Commission	Construction

<p>and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).</p> <p>c) Exterior doors facing Gage Avenue, Compton Avenue and the Metro line railway track shall be solid-core with perimeter weather stripping and threshold seals.</p>	Contractor	Community Development Commission	Construction
<p>Historic, Cultural, and Archaeological Resources: No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner will have 24 hours to notify the Native American Heritage Commission</p>	Contractor	Community Development Commission	Construction
<p>Solid Waste Recycling: Project design shall incorporate space for separate bins for waste and recyclable materials.</p>	Architect	Community Development Commission	Design
<p>Water Supply:</p> <p>a. Any proposed landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving</p>	Landscape Architect	Community Development Commission	Design/Operation

landscape design practice. b. Structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.	Architect/Contractor	Community Development Commission	Construction
Additional Modifications: Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.	Contractor/Operator	Community Development Commission	Design, Pre-Construction, Construction and Operation

**County of Los Angeles
Community Development Commission**

**NEGATIVE DECLARATION
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

- PROJECT TITLE:** Gage Village Housing Development
- PROJECT DESCRIPTION:** The proposed project involves the acquisition of two vacant parcels for the development of 36 detached single-family homes on Gage Avenue. Each unit will include 3 bedrooms and 2 ½ baths, and will cover 1,370 square feet. Off-site improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation.
- At present, most of the western parcel is enclosed with an aluminum fence. This parcel is partially paved, with other areas containing dirt and gravel; however there is some sporadic ruderal vegetation throughout the site. At the northwestern portion of the western parcel there is a cement-covered loading dock with ramps at each end, the eastern ramp being deteriorated. The structure is 30.5 meters long by 6.5 meters wide by 1.2 meters high with 7.6 meter-long sloped ramps. The dock parallels the former railway track along the northern border of the site. Portions of the site contain discarded trash and other debris, including paper, metal parts, wood, waste receptacles, metal barrels, tires, and a car seat. The eastern parcel is gravel and dirt.
- PROJECT LOCATION:** The project is located in the Florence area of unincorporated Los Angeles County, California. The project involves the construction of 36 units of detached single-family housing on a vacant 1.64-acre site on Gage Avenue, east of Compton Avenue and just beyond the intersection of Gage and Converse Avenues. The site consists of two parcels. The western parcel is bound by Compton Avenue on the west and Converse Avenue on the east (APN 6008-045-001). The eastern parcel (APN 6008-045-809) is at the northeast corner of Gage Avenue and Converse Avenue.
- MITIGATION MEASURES INCLUDED IN THE PROJECT TO AVOID POTENTIALLY SIGNIFICANT IMPACTS:**

The following mitigation measures are required:

1. **Conformance with Plans and Zoning.** Zone change approval, or other appropriate administrative approval, to allow for residential development on the portion of the site currently zoned for light manufacturing (M-1) shall be obtained prior to issuance of a building permit.
2. **Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:

- Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.
 - Windows and sliding glass doors facing Gage Avenue, Compton Avenue, and the Metro line railway track shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).
 - Exterior doors facing Gage Avenue, Compton Avenue and the Metro line railway track shall be solid-core with perimeter weather stripping and threshold seals.
3. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
- To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

FINDING OF NO SIGNIFICANT EFFECT. Based on the attached NEPA Environmental Assessment, it has been determined that the project will not have a significant effect on the environment, provided that all suggested mitigation measures are incorporated.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

HUD - NEPA- ENVIRONMENTAL ASSESSMENT

- Project Name:** Gage Village Housing Development/HOME
- Project Location:** The project is located in the Florence area of unincorporated Los Angeles County, California. The project involves the construction of 36 units of detached single-family housing on a vacant 1.64-acre site on Gage Avenue, east of Compton Avenue and just beyond the intersection of Gage and Converse Avenues. The site consists of two parcels. The western parcel is bound by Compton Avenue on the west and Converse Avenue on the east (APN 6008-045-001). The eastern parcel (APN 6008-045-809) is at the northeast corner of Gage Avenue and Converse Avenue. Figure 1 shows the regional location of the project, Figure 2 shows the location of the project within the community of south central Los Angeles, and Figures 3a and 3b show the existing site conditions and the surrounding land uses.
- Assessor's Parcel Number(s):** 6008-045-001, 6008-045-809 (formerly 6008-016-801, 6008-045-809)
- Statement of Need:** The proposed project is consistent with the guidelines of the CDBG program. The project provides for the development of affordable single-family housing.
- Project Description:** The proposed project involves the acquisition of two vacant parcels for the development of 36 detached single-family homes on Gage Avenue. Each unit will include 3 bedrooms and 2 ½ baths, and will cover 1,370 square feet. Off-site improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation.
- At present, most of the western parcel is enclosed with an aluminum fence. This parcel is partially paved, with other areas containing dirt and gravel; however there is some sporadic ruderal vegetation throughout the site. At the northwestern portion of the western parcel there is a cement-covered loading dock with ramps at each end, the eastern ramp being deteriorated. The structure is 30.5 meters long by 6.5 meters wide by 1.2 meters high with 7.6 meter-long sloped ramps. The dock parallels the former railway track along the northern border of the site. Portions of the site contain discarded trash and other debris, including paper, metal parts, wood, waste receptacles, metal barrels, tires, and a car seat. The eastern parcel is gravel and dirt.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Land Development							
Conformance With Comprehensive Plans and Zoning					X		The western portion of the western parcel is zoned "R-3" – medium density residential at 30 dwelling units/net acre and 22 units/gross acre; the eastern portion of this parcel is zoned "M-1" – light manufacturing. The eastern parcel is zoned "R-3" (a). A zone change from light manufacturing to residential would be necessary for a portion of the western parcel. Upon approval of the zone change, the proposed project would be consistent with the General Plan and zoning.
Compatibility and Urban Impact	X						The project site is in an area characterized by light industrial, commercial and residential development. To the north of the site beyond an alley are residential uses and some limited commercial use near Compton Avenue. The residential uses are primarily single family units on small lots, but also some small apartment complexes. To the east is the Metro line railway track and vacant land, with commercial uses beyond. To the south across Gage Avenue are residential uses and some light industrial uses close to the intersection of Gage and Compton Avenues. Beyond the site and Compton Avenue on the west is a shopping center under construction (b). Given the project's medium density residential land use and that directly adjacent development is primarily residential, the project would be compatible with the scale and type of surrounding development. No adverse urban impacts would result from the project.
Slope	X						The project site is generally flat (b). The project would not involve major topographic modifications or create any significant erosion or sedimentation problems.
Erosion	X						There is no evidence of any substantial erosion problems onsite (b).
Soil Suitability	X						There is no evidence of soil suitability problems on the project site (b). Routine soil tests would need to be conducted to determine foundation design parameters for new structures.
Hazards and Nuisances, Including Site Safety	X						No evidence of hazards and nuisances were observed on the site, with the exception of two buckets of what appears to be used motor oil placed on the cement dock on the site. Given the type of debris being deposited on the western parcel (in particular, tires, metal scraps, and metal barrels), there is the potential for other petroleum products to be located on the site (b). There is no evidence of significant petroleum related spills or seepage at the site, but there are some scattered small wet patches on the pavement, which could be petroleum-related products. However, because these are limited areas and are located on pavement, they

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							would not be considered significant hazards. The debris would be removed as part of the project, and given the amount and type of debris, it is expected that any residual petroleum-related products that may have seeped into the ground in unpaved areas would be limited, and less than significant.
Energy Consumption	X						Project operation would incrementally increase the consumption of electricity and natural gas. However, because these resources are available both locally and regionally, no significant impact to the availability of energy resources is expected over the long-term. The project would comply with state energy conservation requirements.
Noise							
Effects of Ambient Noise on Project and Contribution to Community Noise Levels					X		<p>Project construction would generate short-term noise level increases. Local noise ordinances would apply.</p> <p>The project site is located along commercial routes (Gage and Compton Avenues), and the eastern portion of the site is adjacent to a Metro line railway track (b), where noise levels could exceed HUD's exterior noise threshold of 65 dBA for residential uses. Therefore, noise mitigation measures should be incorporated into the project design to ensure that future residents are not exposed to excessive noise.</p> <p>Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 346 average daily vehicle trips on local roadways (c). However, this increase would not significantly increase roadway noise levels.</p>
Air Quality							
Effects of Ambient Air Quality on Project and Contribution to Community Air Pollutant Levels	X						<p>The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM₁₀). Project residents would therefore be exposed to potentially unhealthy ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (d).</p> <p>Existing SCAQMD regulations restrict the emissions of dust and fumes during construction, and the project would be required to conform to these requirements.</p>

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Environmental Design and Historic Values							
Visual Quality - Coherence, Diversity, Compatible Use, and Scale		X					The project would involve the development of medium density single-family housing in an area that is characterized by a variety of uses, including other single-family residences (b). The project would be compatible with the visual context and land use of the existing neighborhood, and the new development would likely be an aesthetic benefit to the area.
Historic, Cultural, and Archaeological Resources					X		Historic and archaeological evaluations have been completed and are attached as appendices to this environmental assessment. The project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.
Socioeconomic Conditions							
Demographic/Character Changes	X						The proposed project would create new housing opportunities and could accommodate approximately 108-144 new residents (assuming 3-4 people per unit). This increase would not change the demographic character of the area.
Displacement	X						Since the site is currently vacant, no individuals would be displaced.
Employment and Income Patterns	X						The project would generate short-term employment opportunities during construction. No adverse impacts to employment or income patterns are expected.
Community Facilities and Services							
Educational Facilities	X						The proposed project would create family housing with the potential for school-age children to reside in the units. Therefore, there would be an increased demand upon the local educational facilities. The site is within the Los Angeles Unified School District, and would be served by Miramonte Elementary, Edison Middle School, and Fremont High School (j). The project would be required to pay any applicable school impact fees to the District.
Commercial Facilities	X						The project would not adversely affect commercial facilities. The 36 units of single-family housing may increase the customer base for existing businesses in the area.
Health Care	X						The housing may incrementally increase in the demand for health care services. The hospitals closest to the site are Community Hospital of Huntington Park (4 miles northeast) and Mission Hospital (6 miles southeast).
Social Services	X						The proposed project would provide affordable housing for families. Given the limited size of the development, a significant increase in the need for other social services is not expected.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Solid Waste					X		<p>Construction activity would generate solid waste in the short-term. All construction activity would be required to implement local policies concerning recycling/reuse of construction wastes.</p> <p>The proposed project would increase the generation of solid waste over existing conditions. This increase is not expected to significantly affect area landfills. Nevertheless, because of ongoing concerns about regional landfill capacity, project design should accommodate solid waste recycling.</p>
Waste Water	X						<p>The proposed project would increase wastewater generation over current conditions. However, as the project site has mostly been designated for medium density residential development and a limited amount of light manufacturing in the General Plan, it is anticipated that wastewater infrastructure has been sized to accommodate urban development similar to that proposed.</p>
Storm Water	X						<p>The project site is mostly paved, with some dirt and gravel areas (b). Project development would increase the amount of impervious surfaces on-site, which could incrementally increase runoff from the site. However, the area storm drain system is in place and has been sized for urban development. Storm sewers would be installed on the site as part of project development and would be adequately sized to accommodate runoff from the site.</p>
Water Supply					X		<p>The proposed project would incrementally increase water demand over existing uses. Because of ongoing concerns about water supply in the Southern California region, water conservation measures should be incorporated into the design of the project. The Southern California Water Company is the purveyor of water to the area (h).</p>
Public Safety Police	X						<p>The Los Angeles County Sheriff's Department's Century Station, located at 11703 Alameda Street in Lynwood (about 4 miles south of the site), provides police protection services in the project vicinity (e). The proposed project would incrementally increase the demand for police protection services, but impacts are not expected to be significant, given the limited size of the development.</p>
Fire	X						<p>The Los Angeles County Fire Department Station 164 would provide fire protection to the site. It is located at 6301 South Santa Fe Avenue in Huntington Park, about 1 mile east of the project site (f). The proposed project would slightly increase the demand for fire protection, however impacts are not expected to be significant, given the limited size of the development.</p>
Emergency Medical	X						<p>The Los Angeles County Fire Department would provide emergency medical services for the project from Station 164 (f). Victims could likely be taken to Community Hospital of Huntington Park (4 miles northeast) or Mission Hospital</p>

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							(6 miles southeast). The proposed project would slightly increase the demand for paramedic/emergency medical services. However, given the size of the residential development, there is not anticipated to be a significant increase in demand for such services in the area.
Open Space And Recreation							
Open Space	X						The project would not adversely affect any areas designated as public open space.
Recreation	X						The proposed project may incrementally increase the demand for recreational facilities, but such an increase would not be significant. The project would not adversely affect any existing or planned recreational facilities. There are many parks in the surrounding area that project occupants would be able to utilize, the closest being Mary McCleod Bethane County Park (about ½ mile west of the site) and Westside Park in Huntington Park (about ½ mile east of the project site) (g).
Cultural Facilities	X						The proposed project would not adversely affect any cultural facilities (b).
Transportation	X						The proposed project would generate approximately 346 average daily vehicle trips (c). This would increase traffic on roadways in the immediate project vicinity, but would contribute minimally to overall traffic levels in the area. Project-generated traffic is less than the 500 daily trips at which the County of Los Angeles normally requires a traffic study.
Natural Features							
Water Resources	X						The proposed project would not affect water resources (b).
Surface Water	X						No surface water is located on-site. Therefore, no impacts to surface water would occur.
Watercourses	X						There are no watercourses within the vicinity of the project area (b). No impact to watercourses is anticipated.
Unique Natural Features and Agricultural Lands	X						The proposed project would not affect any natural features. No active agricultural lands are present within or adjacent to the project area (b).
Vegetation and Wildlife	X						The project site contains sporadic ruderal vegetation. No important biotic communities exist, and no wildlife was observed on-site (b). Therefore, the project would not affect sensitive vegetation or wildlife.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
1. Historic Properties 36 CFR 800 (CDBG) 36 CFR 801 (UDAG)					X	Historic and archaeological assessments have been conducted and are attached as appendices to this environmental assessment. Though archaeological resources are not known on-site, work should be halted temporarily in the event that as yet undiscovered resources are uncovered during grading.
2. Floodplain Management 42 FR 26951	X					The project site is characterized as zone "C" on the FEMA Federal Insurance Rate Map, which is considered to have minimal flood potential (i).
3. Wetlands Protection 42 FR 26951	X					No wetlands are located on or near the project site (b).
4. Coastal Zone Plan 16 U.S.C. 1451	X					The project site is not located in a coastal zone (b).
5. Sole Source Aquifers 42 U.S.C. 201, 300(g) and 21 U.S.C. 349	X					No impact to primary drinking water sources is anticipated.
6. Endangered Species 16 U.S.C. 1531	X					The project site is in an urbanized area. No endangered species are located in the area.
7. Wild and Scenic Rivers 16 U.S.C. 1271	X					No wild or scenic rivers are located in the site vicinity (b).
8. Air Quality Protection 42 U.S.C. 7401	X					<p>The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM₁₀). Project residents would therefore be exposed to potentially unhealthful ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of federal air quality standards (d).</p> <p>Existing SCAQMD regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements.</p>
9. Farmland Protection 7 U.S.C. 4201	X					No agricultural uses are located on-site or in the vicinity of the project (b).
10. Environmental Justice Executive Order 12898	X					The project would provide additional employment opportunities in the community during construction and would provide low-income housing options for area families. The project would not expose low-income or minority populations to any environmental justice concerns.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
11. HUD Environmental Standards, 24 CFR 51 as amended						
a. Noise Abatement 24 CFR 51B	X					<p>Project construction would generate short-term noise level increases. Local noise ordinances would apply.</p> <p>The project site is located along commercial routes, and the eastern portion of the site is adjacent to a Metro line railway track (b), where noise levels could exceed HUD's exterior noise threshold of 65 dBA for residential uses. Therefore, noise mitigation measures should be incorporated into project design to ensure that future residents are not exposed to excessive noise.</p> <p>Operational activities associated with the proposed project would not generate substantial noise and would not significantly affect surrounding land uses. The proposed project would generate approximately 346 average daily vehicle trips on local roadways (c). However, this increase would not significantly increase roadway noise levels.</p>
b. Landfill Hazards CPD Letter 79-33	X					The project site is not subject to any known landfill hazards (b).
c. Upset Hazards 24 CFR 51B	X					The project site is not subject to any known upset hazards (b).
d. Flammable Oper. 24 CFR 51C	X					The project site is not subject to any known flammable operations or explosives (b).
e. Toxic/Radioactivity HUD Notice 79-33	X					The project site is not subject to any known toxic substances or radioactivity (b). See also discussion of "Hazards and Nuisances, Including Site Safety."
f. Airport Clear Zones 24 CFR 51D	X					The project site is not near an airport, and is not located in an airport clear zone (g).

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Summary of Findings and Conclusions:

The proposed project involves the development of 36 single-family residences. The site consists of two parcels. The western portion of the western parcel is zoned "R-3" - medium density residential at 30 dwelling units/net acre and 22 units/gross acre; the eastern portion of this parcel is zoned "M-1" - light manufacturing. The eastern parcel is zoned "R-3" as well (a). A zone change from light manufacturing to residential would be necessary for a portion of the western parcel. Upon approval of the zone change, the proposed project would be consistent with the General Plan and zoning.

The project site is in an area characterized by light industrial, commercial and residential development. The adjacent residential development is primarily single-family, with some apartment complexes interspersed in the neighborhood. The proposed project would be compatible with the scale and visual character of the surrounding area. The project would not generate any significant noise impacts. However, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required.

The project site is generally flat. The site is vacant and covered with dirt, gravel, and sporadic ruderal vegetation. No threatened or endangered wildlife was observed on the site, nor is it expected to occur. The site contains some trash and debris. No watercourses or water resources are located in the project area, and the project is located in an area considered to have minimal flooding potential.

The project would not significantly affect public facilities or public services. Implementation of the project would create short-term employment opportunities during construction, and would not affect long-term employment patterns. The proposed project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures and recycling facilities should be incorporated into project design.

The project would conform to all applicable federal, state, and regional air pollution control regulations, both short- and long-term, and would not significantly affect local or regional air quality. The project would incrementally increase daily traffic volumes in the immediate area; however, project-generated traffic would not significantly affect local roadways. The site does not contain any known significant hazards, nor is the project expected to create hazards.

Summary of Environmental Conditions:

The project site is currently vacant, with gravel, dirt, a small concrete platform, and some sporadic ruderal vegetation. Trash and other debris have been deposited on-site. No wildlife was observed on-site.

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

Project Modifications and Alternatives Considered:

No unavoidably significant impacts were identified for the proposed project. Therefore, project alternatives or modifications have not been considered.

Mitigation Measures Required:

The following mitigation measures are required:

1. **Conformance with Plans and Zoning.** Zone change approval, or other appropriate administrative approval, to allow for residential development on the portion of the site currently zoned for light manufacturing (M-1) shall be obtained prior to issuance of a building permit.
2. **Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:
 - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.
 - Windows and sliding glass doors facing Gage Avenue, Compton Avenue, and the Metro line railway track shall be double-paned glass and shall be mounted in low air infiltration rate frames (0.5 cfm or less, per ANSI specifications).
 - Exterior doors facing Gage Avenue, Compton Avenue and the Metro line railway track shall be solid-core with perimeter weather stripping and threshold seals.
3. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.

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Project Name and Identification Number: Gage Village Housing Development/HOME

- All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

References:

- a. Los Angeles Department of Regional Planning, personal communication, June 19, 2003. (CONTACT)
- b. Allison Cook, Rincon Consultants, Site Visit, June 17, 2003. (FIELD)
- c. Institute of Transportation Engineers, Trip Generation, 6th Edition, 1997. (PRINTED)
- d. South Coast Air Quality Management District (November 1999), CEQA Air Quality Handbook. (PRINTED)
- e. Los Angeles County Sheriff's Department, June 12, 2003. (ELECTRONIC)
- f. Los Angeles County Fire Department, personal communication, June 17, 2003. (CONTACT)
- g. Thomas Brothers Maps, Los Angeles County, 2003. (PRINTED)
- h. Southern California Water Company, personal communication, June 17, 2003. (CONTACT)
- i. Los Angeles County Public Works Department, personal communication, June 19, 2003 (CONTACT)
- j. Los Angeles Unified School District, District I, personal communication, June 16, 2003. (CONTACT)

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

1. Is the project in compliance with applicable laws and regulations? ☒ Yes ☐ No
2. Is an EIS required? ☐ Yes ☒ No
3. A Finding of No Significant Impact (FONSI) can be made. The project will not significantly affect the quality of the human environment. ☒ Yes ☐ No

Basic Reasons Supporting Decision:

The proposed project involves the development of 36 single-family residences on two parcels. The western portion of the western parcel is zoned "R-3" - medium density residential at 30 dwelling units/net acre and 22 units/gross acre; the eastern portion of this parcel is zoned "M-1" - light manufacturing. The eastern parcel is zoned "R-3" as well (a). A zone change from light manufacturing to residential would be necessary for a portion of the western parcel. Upon approval of the zone change, the proposed project would be consistent with the General Plan and zoning.

The project site is located in an area characterized by residential, commercial and light industrial development, and so would be compatible with surrounding uses. The project would be consistent with the scale and visual character of the surrounding area, and would likely benefit the area's aesthetic character. The project would not generate any significant noise impacts. However, it may be subject to noise in excess of HUD standards for residential uses; therefore, mitigation is required.

The project site is generally flat. The site is vacant and covered with dirt, gravel, and sporadic ruderal vegetation. The site contains some trash and debris. No watercourses or water resources are located in the project area, and the project is located in an area considered to have minimal flooding potential. No sensitive biotic communities or threatened or endangered wildlife were observed on the site, nor are they expected to occur. No other sensitive natural or biological resources are located on or near the site.

The project would not significantly affect public facilities or public services. Implementation of the project would create short-term employment opportunities during construction, and would not affect long-term employment patterns. The proposed project is not expected to disturb either historic or archaeological resources; nevertheless, if previously unidentified archaeological resources are identified during grading or construction, work will need to be temporarily suspended while the find is evaluated by a qualified archaeologist.

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures and recycling facilities should be incorporated into project design.

The project would conform to all applicable federal, state, and regional air pollution control regulations, both short- and long-term, and would not significantly affect local or regional air quality. The project would incrementally increase daily traffic volumes in the immediate area; however, project-

HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

generated traffic would not significantly affect local roadways. The project is not expected to expose individuals to hazards.

The following mitigation measures are required:

1. **Conformance with Plans and Zoning.** Zone change approval, or other appropriate administrative approval, to allow for residential development on the portion of the site currently zoned for light manufacturing (M-1) shall be obtained prior to issuance of a building permit.
2. **Noise.** In order to ensure an acceptable interior noise environment at the proposed residential complex (45 dBA or less), the following shall be included in project design:
 - Air conditioning or a mechanical ventilation system shall be provided so windows and doors may remain closed.
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 - Exterior doors facing Gage Avenue, Compton Avenue and the Metro line railway track shall be solid-core with perimeter weather stripping and threshold seals.
3. **Historic, Cultural, and Archaeological Resources.** No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
 - To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
 - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.

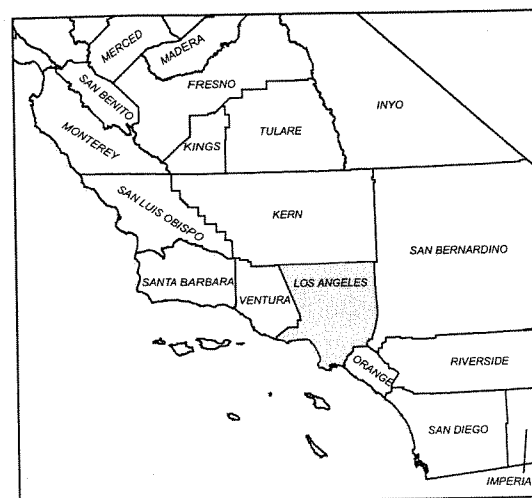
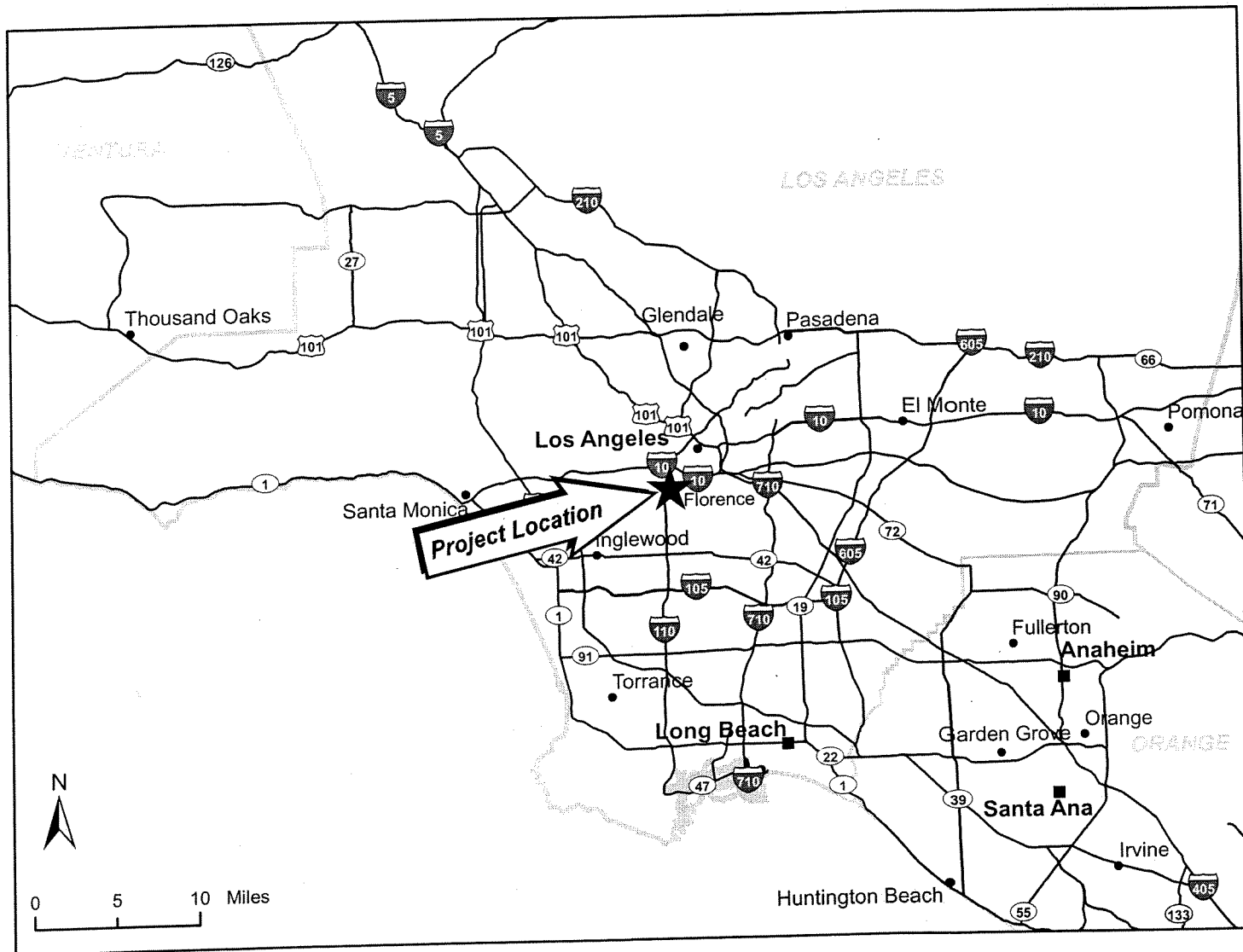
HUD - NEPA - Environmental Assessment

Project Name and Identification Number: Gage Village Housing Development/HOME

6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

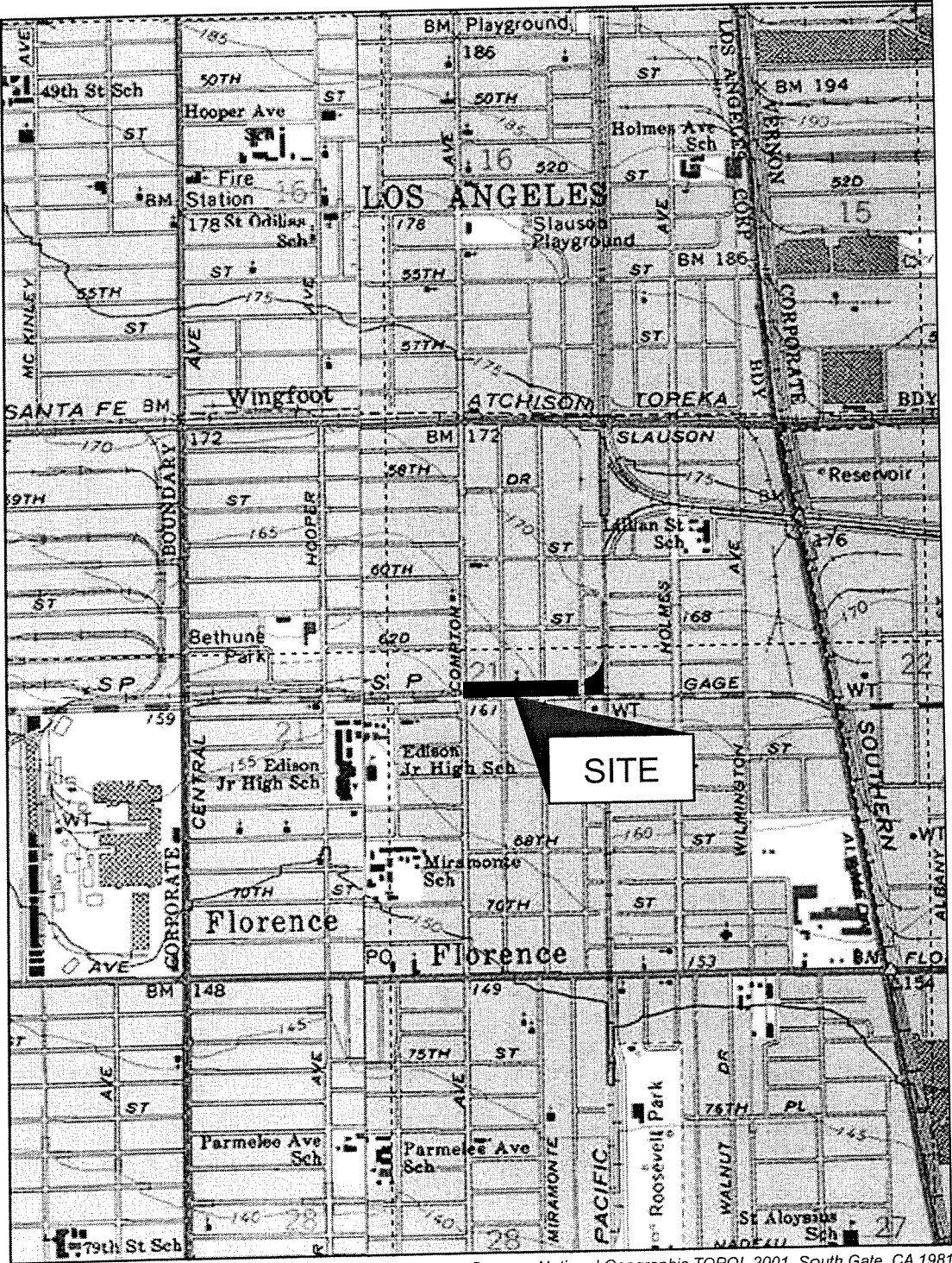
The proposed project is not expected to contribute to significant impacts to the environment and a Finding of No Significant Impact can be made.

Prepared by:	<u>Allison Cook</u>	Title:	<u>Environmental Analyst</u>
Date:	<u>June 20, 2003</u>		
Concurred in:	<u>Donald Dean</u>	Title:	<u>Environmental Officer, Community</u>
Date:	<u>July 21, 2003</u>		<u>Development Commission of the</u>
			<u>County of Los Angeles</u>

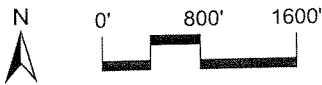


Regional Location

Figure 1
LACDC



Source: National Geographic TOPOI, 2001, South Gate, CA 1981



Project Location

Figure 2
LACDC

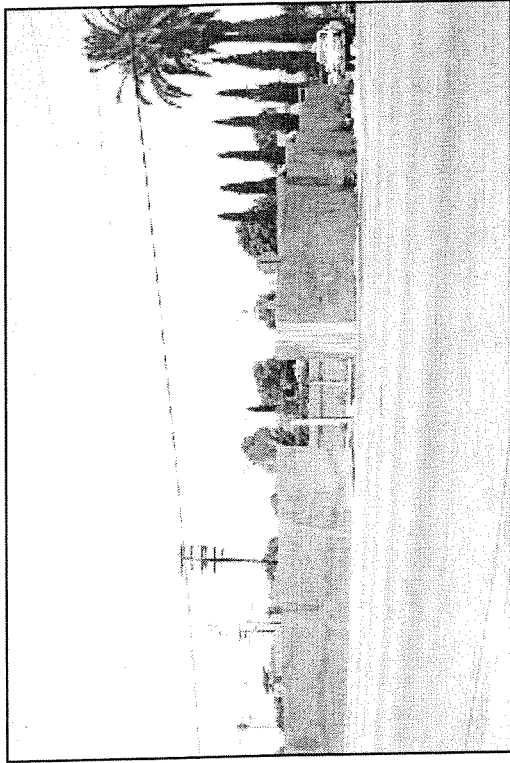


Photo 1 - View of the portion of the site at the northwest corner of Gage and Makee Avenues.

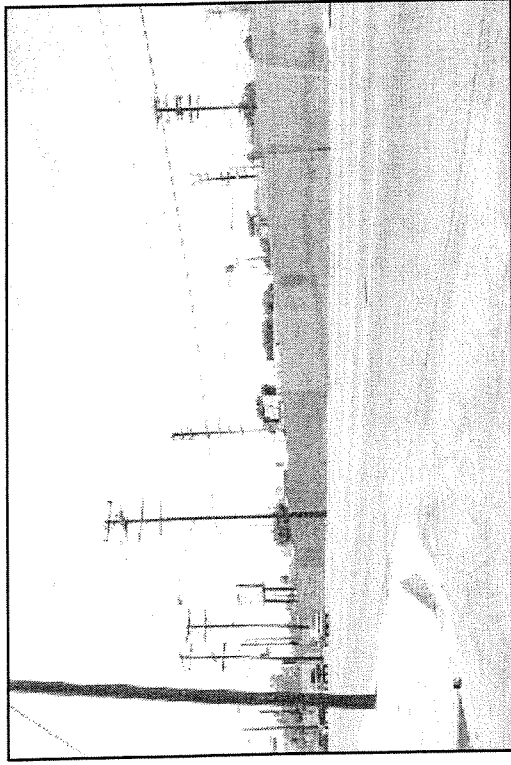


Photo 2 - View of the site looking northwest from across Gage Avenue.

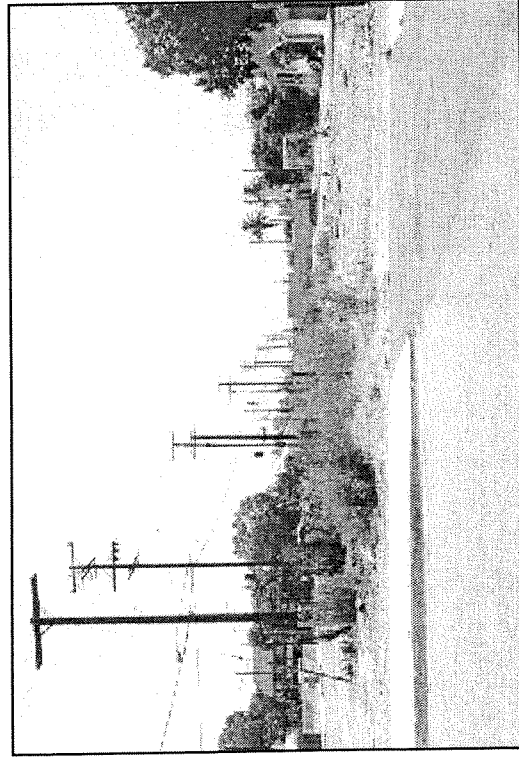


Photo 3 - View of the site looking west from across Converse Avenue. Residential area to the south of the site, across Gage Avenue is shown on the left. Residential Area north of the site, across alley is shown on the right.

Site Photographs

Figure 3a
LACDC

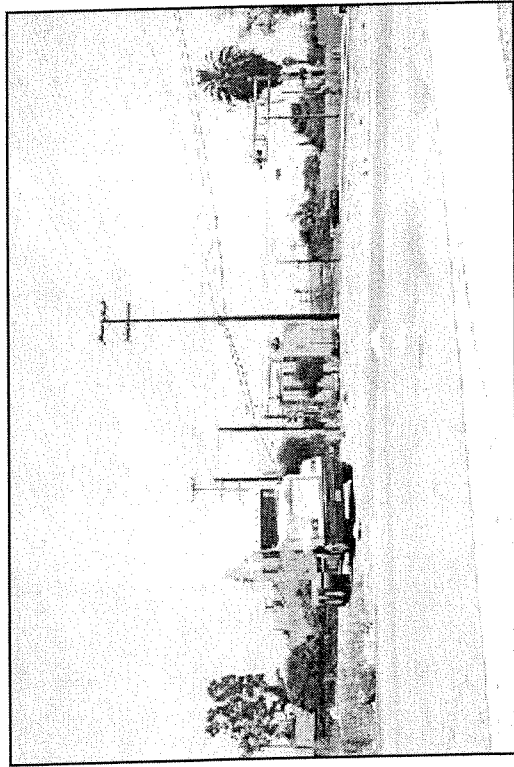


Photo 4 - View looking east from across Converse Avenue showing the parcel adjacent to the railway tracks.

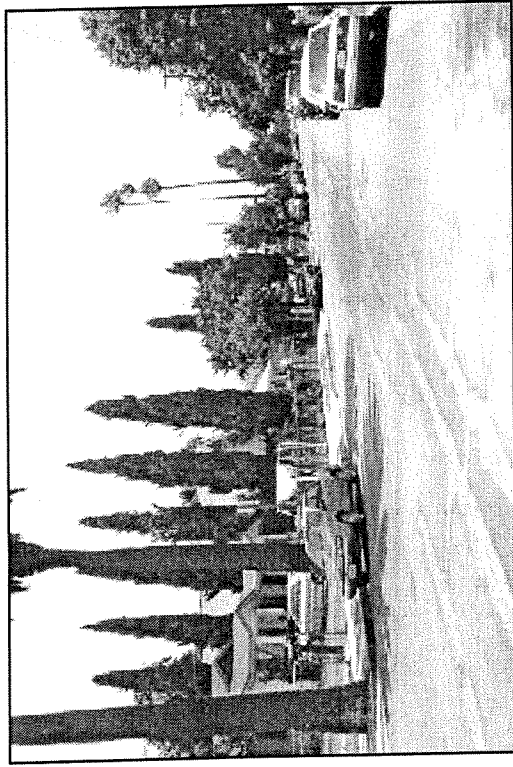


Photo 5 - View of residential area north of the site, along Converse Avenue.

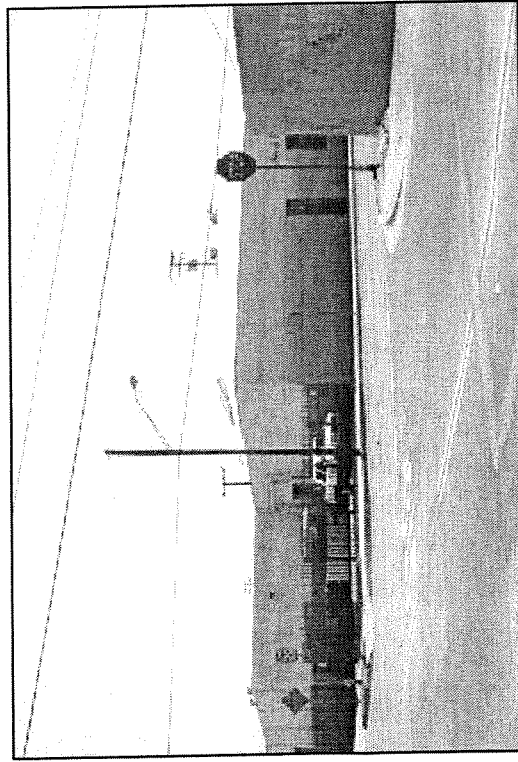


Photo 6 - View of industrial area south of the site. Photo taken at the intersection of Gage and Makee Avenues, looking south.

Site Photographs

Figure 3b
LACDC



**PHASE 1 ARCHAEOLOGICAL SURVEY REPORT
OF 1.64 ACRES FOR THE
GAGE VILLAGE HOUSING DEVELOPMENT PROJECT
GAGE AVENUE, FLORENCE
LOS ANGELES COUNTY, CALIFORNIA
(USGS 7.5' South Gate)**

Prepared for:

**Los Angeles County
Community Development Commission
2 Coral Circle
Monterey Park, California 91755
Contact: Donald Dean**

Prepared by:

**Conejo Archaeological Consultants
2321 Goldsmith Avenue
Thousand Oaks, California 91360
805/494-4309
Author: Mary Maki**



CAC Document No. 03-189 CDC
June 20, 2003

I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

CDC Project Name: Gage Village Housing Development	Location: Gage Avenue (between Compton Avenue & Metro Line), Florence, Los Angeles County	Thomas Bro. Grid: Pg. 674- F6/G6	Assessor Parcel Nos. 6008-045-801 & 809	CDC Contact: Donald Dean Environmental Officer (323) 838-5042
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This report was prepared at the request of Donald Dean of the Los Angeles County Community Development Commission (CDC). It presents the results of a Phase I archaeological investigation conducted by Conejo Archaeological Consultants for the Gage Village Housing Development Project. The project site is located on the north side of Gage Avenue in the community of Florence between Compton Avenue on the west and the Metro Line just east of Converse Avenue. Federal funds will be used in the construction of 36 units of detached single-family homes on vacant land (Exhibits 1, 2 & 3). Off-site improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation.

This archaeological study was undertaken in compliance with the National Historic Preservation Act (NHPA), the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). This study also meets the cultural resource guidelines, policies and procedures as established by the United States Department of Housing and Urban Development (HUD), and the Los Angeles County Planning Department.

II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results, field survey findings and past ground disturbance, no impacts to significant cultural resources are anticipated from project development. Therefore, no further archaeological investigations are warranted prior to or during project implementation. In the event that buried cultural materials are encountered during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until a qualified archaeologist can evaluate the nature and significance of the find, as detailed in Section VI of this report.

III. ENVIRONMENTAL SETTING

Physical Environment: The project's area of potential effect (APE) consists of a 1.64-acre, rectangular vacant site, bordered by an alley and a mix of commercial and residential development to the north, the Metro Line to the east, Gage Avenue to the south, and Compton Avenue to the west (Exhibit 2). The project site is currently undeveloped but the Pacific Electric line formerly ran through it. All of the railway tracks have been removed with the only remnant of its past railway history being a cement loading dock located in the westernmost portion of the APE. Project site

vegetation was limited to a few weedy species. The ground surface throughout the APE has been disturbed by the construction and removal of railroad tracks. There are no stands of native vegetation within or adjacent to the APE. The westernmost portion of the APE is paved over; the remainder of the project site consists of a mix of eroding asphalt, aggregate and sandy dirt. The Los Angeles River is located approximately four miles east of the project site.

Cultural Environment:

Prehistory. The project site lies within the historic territory of the Native American group known as the Gabrielino, one of the wealthiest, most populous, and most powerful ethnic nationalities in aboriginal southern California (Bean and Smith 1978). The Gabrielino followed a sophisticated hunter-gatherer lifestyle and were a deeply spiritual people (McCawley 1996). The Gabrielino territory included the Los Angeles Basin (which includes the watersheds of the Los Angeles, San Gabriel, and Santa Ana Rivers), the coast from Aliso Creek in the south to Topanga Creek in the north, and the four southern Channel Islands. For in depth information on the Gabrielino, the reader is referred to McCawley's (1996) *The First Angelinos, The Gabrielino Indians of Los Angeles*.

History. The project site was once a Pacific Electric branch line. The following background on Pacific Electric is taken from Ashkar's 1999 site record for site 19-186110 (Union Pacific Railroad).

"Pacific Electric was formed in 1902 by Henry E. Huntington, the nephew of railroad mogul Collis P. Huntington. In direct competition with the Southern Pacific Railroad, the Pacific Electric connected 42 incorporated cities within a 35-mile radius of Los Angeles. The trains were known as the Big Red Cars, and prior to the popularization of automobiles provided the preferred means of transportation. At its peak in 1926, the company operated 1,164 miles of track throughout the Los Angeles area. Henry Huntington sold his shares to Southern Pacific in 1910, and in 1911 Southern Pacific merged with other local railways to create the Pacific Electric Railway, which expanded the system. With the rise of the automobile, the Pacific Electric sold its passenger service to Metropolitan Coach Lines, which operated busses in 1953. Service between Los Angeles and Long Beach officially ended on April 8, 1961, signaling the end of the Big Red Cars.

The branch line that ran along Gage Avenue and through the APE was built as a single track and was designed to reach the Wingfoot District, an important manufacturing area dominated by the Goodyear Rubber Company. This approximate 0.75-mile long line served as a connection between the Southern District and Wingfoot District (The Electric Railway Association of Southern California

2003).

The 1924 USGS 7.5' Watts Quadrangle shows the Pacific Electric Railway line on Gage Avenue as a branch line, which extends west from the major north to south Pacific Electric Line (now the Metro Line) to the Goodyear Rubber Company located just west of Central Avenue. It is not known when the tracks were removed along Gage Avenue. The Southern Pacific Railroad, which bought out Pacific Electric, is shown on the 1967 Sanborn Map. For additional information on Pacific Electric the reader is referred to the following web sites: <http://www.usc.edu/isd/archives/la/historic/redcars/>, <http://www.erha.org/pelines/pesspd.htm>,

IV. SOURCES CONSULTED

South Central Coastal Information Center (SCCIC), CSU Fullerton, USGS 7.5' Quadrangle – San Fernando	June 16, 2003 Conducted by Mary Maki
National Register of Historic Places (NRHP)	National Park Service 2003
California Historic Landmarks	2003 Office of Historic Preservation California Dept. Parks and Recreation
California State Historic Resources Inventory	Updated quarterly 2003 Office of Historic Preservation California Dept. Parks and Recreation

Results:

No prehistoric sites are recorded within a one-half mile radius of the APE. Three historic sites, CA-LAN-2854H, -2849H, and 186110 are recorded within a one-half mile radius of the APE. CA-LAN-2854 and -2859 consist of a septic tank and utility lines respectively. Site 186110 is the Union Pacific Railroad along Alameda Street. All three historic sites are located over 0.25 miles away from the APE and will not be impacted by project construction.

Seven surveys are recorded within a one-half mile radius of the APE. None of the surveys included any portion of the APE.

The listings of the National Register of Historic Places (NRHP), California Historical Landmarks, California Points of Historical Interest, and California State Historic Resources Inventory (HRI) include no properties within or immediately adjacent to the APE. The HRI does not list any properties within a few blocks radius that have been determined eligible for listing on the National Register of Historic Places.

Historian Judy Triem conducted a Section 106 evaluation of the project's built environment and found nothing eligible for listing on the National Register including the loading dock discussed in the

following section (Triem personal communication).

V. FIELD METHODS

The APE was surveyed by Mary Maki, M.A. on June 16, 2003 (Exhibits 2 & 3). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 14 years archaeological experience in southern California.

Linear transects spaced three meters (10 feet) apart were used to survey the APE. Within each transect a zigzag pattern was walked to maximize ground surface coverage. The APE boundaries were clearly delineated by two roads, an alley and the Metro Line. Ground surface visibility was good at the eastern end and got progressively poorer to non-existent at the western end of the APE, due to aggregate and pavement. Overall ground surface visibility was poor across over 50 percent of the APE. A sandy - silty soil with some small pebbles covered the relatively flat project site. Past ground disturbances throughout the APE included grading associated with the construction of the Pacific Electric line.

No evidence of prehistoric was observed within the APE. Although ground surface visibility was lacking across over half of the APE, based on the surveyable areas, the lack of prehistoric sites in the area, the lack of natural drainages in the general area, and the extent of ground disturbance associated with the construction of the former railway line, the likelihood of prehistoric resources occurring on the project site is considered low.

All of the railroad tracks have been removed. There is a small area of ballast near the northeastern most portion of the project site showing where the track curved north to join the main Pacific Electric line. A cement loading dock is located within the western end of the project APE (see Exhibit 4 & 5). The cement loading dock parallels the former track and was used for loading freight. The dock measures 30.5 meters long by 6.5 meters wide by 1.1 meter high. There are 7.6 meter long sloped ramps at each end of the dock. The eastern ramp is badly deteriorated. The western ramp is in better shape although it's starting to deteriorate also. The sides of the loading dock are covered with graffiti. The age of the cement dock is unknown, but since it is associated with a railway that dates back prior to 1924 or earlier it is probable the loading dock is over 50 years old. However, even if it is over 50 years old this dock does not meet any of the criteria necessary to make it eligible for listing on the NRHP. At best it might be considered a contributing feature of the historic railway, but as the railway has been completely removed the loading dock has lost its integrity of setting. Therefore, it is not considered a significant resource and requires no mitigation beyond its documentation in this report.

An abundance of modern trash and debris and a dead dog litter the APE. There are two large buckets of used motor oil abandoned on the cement loading dock.

VI. REMARKS

Based on the record search, field survey results and past ground disturbance, the proposed project is expected to have no impact on significant cultural resources. Therefore, no further archaeological investigation is warranted prior to or during project implementation. Since an archaeological survey can only confidently assess the potential for encountering surface cultural resource remains, the following two recommendations should be incorporated as conditions of project approval:

1. In the event that archaeological resources are unearthed during project construction, all earth disturbing work within 50 meters of the find must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino representative should monitor any mitigation excavation associated with Native American materials.
2. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

VII. CERTIFICATION

Prepared By: Mary K. Maki	Title: Principal Investigator	Qualification: RPA Certified 14 Years So. CA arch experience
Signature:		Date: June 20, 2003

VIII. MAPS

Project Vicinity ☒ USGS 7.5' South Gate Quadrangle ☒ Archaeological APE ☒

IX. PHOTOGRAPHS

Yes ☒

No ☐

Attached Yes ☒ No ☐

X. CITATIONS

Bean, Lowell John and Charles R. Smith

1978 Gabrielino. In *Handbook of North American Indians: California*, Volume 8. Edited by R.F. Heizer, pp. 505-508. W.G. Sturtevant, general editor. Smithsonian Institution, Washington D.C.

Electric Railway Association of Southern California

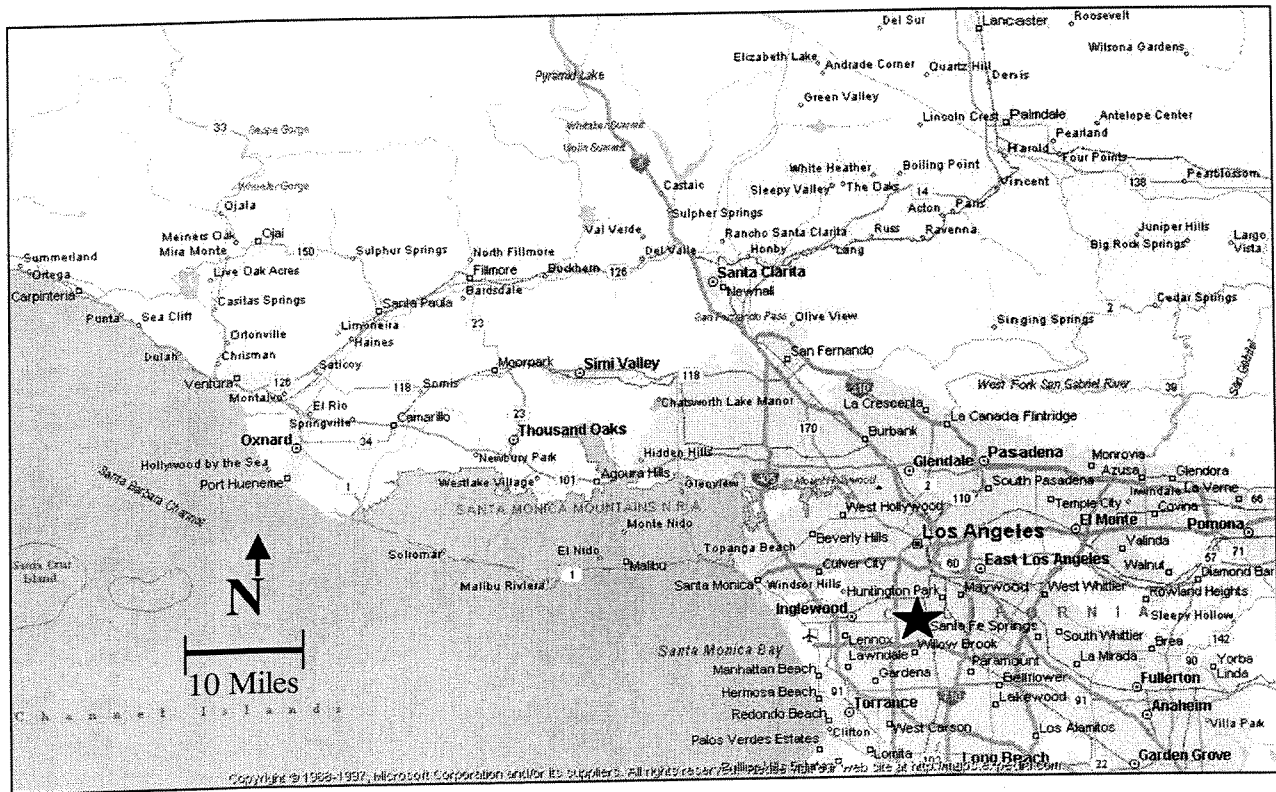
2003 <http://www.erha.org/index.html>.

McCawley, William

1996 *The First Angelinos, The Gabrielino Indians of Los Angeles*. Malki Museum Press, Morongo Indian Reservation, Banning, California.

Individuals and Institutions Contacted

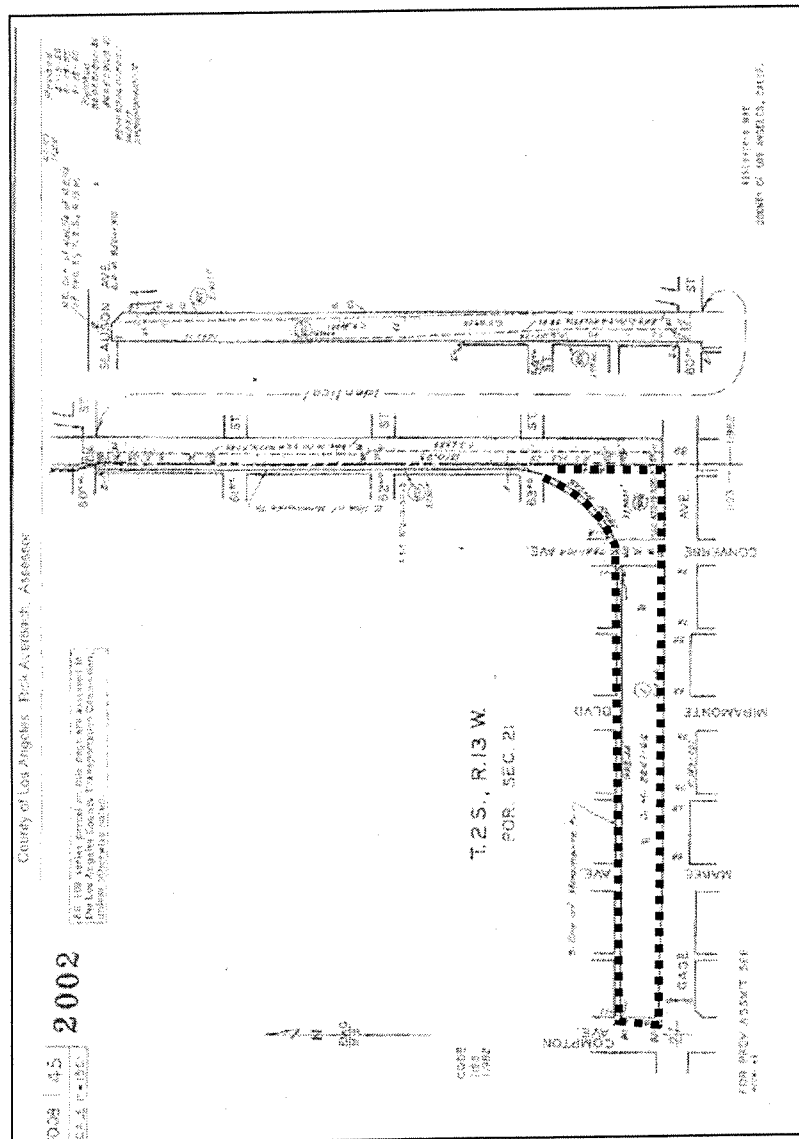
Triem, Judy, Historian, San Buenaventura Research Consultants, telephone conversation June 20, 2003.



Source: Microsoft Streets 98

PROJECT VICINITY MAP
Gage Village Housing Development Project
Gage Avenue
Florence, Los Angeles County, California

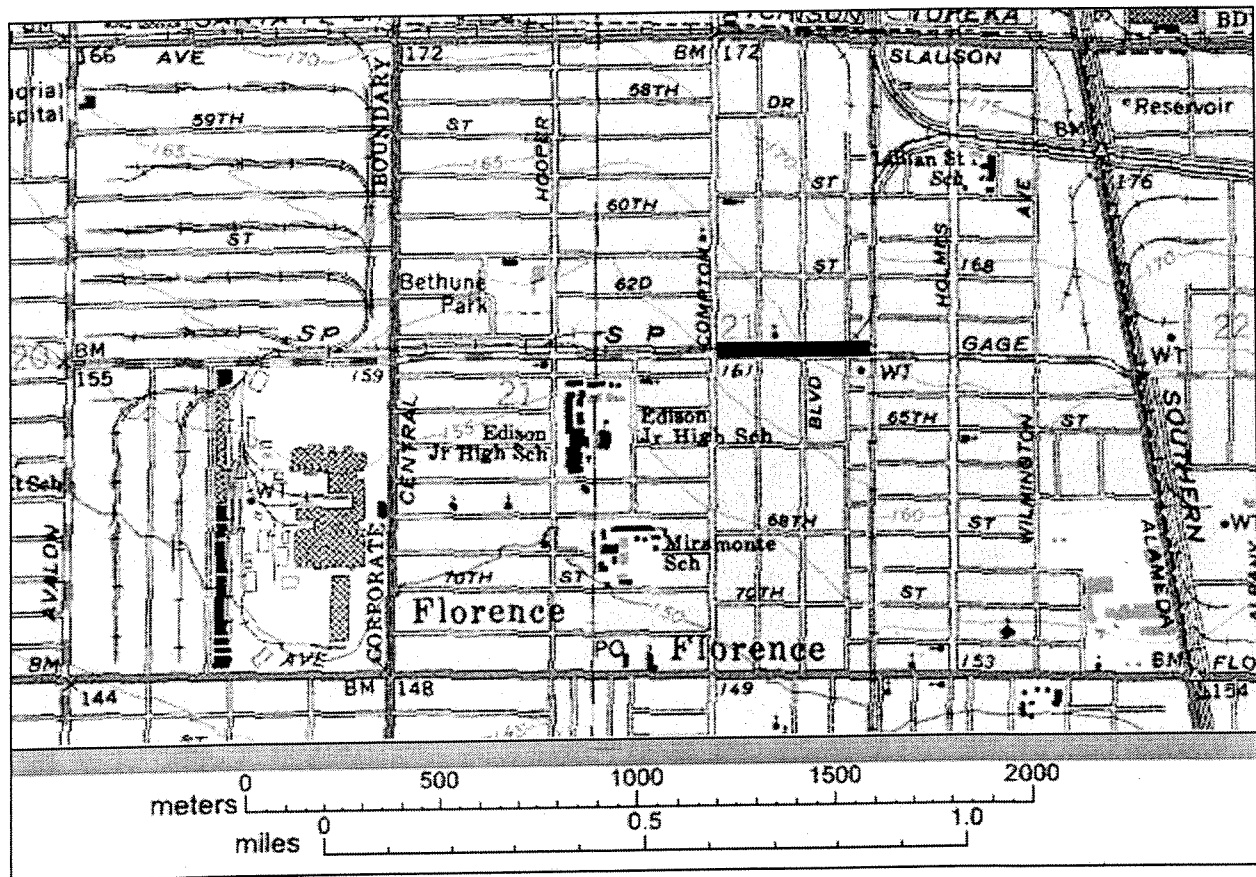
Exhibit 1



Source: <http://assessor.co.la.ca.us/>

AREA OF POTENTIAL EFFECT
Gage Village Housing Development Project
Gage Avenue
Florence, Los Angeles County, California

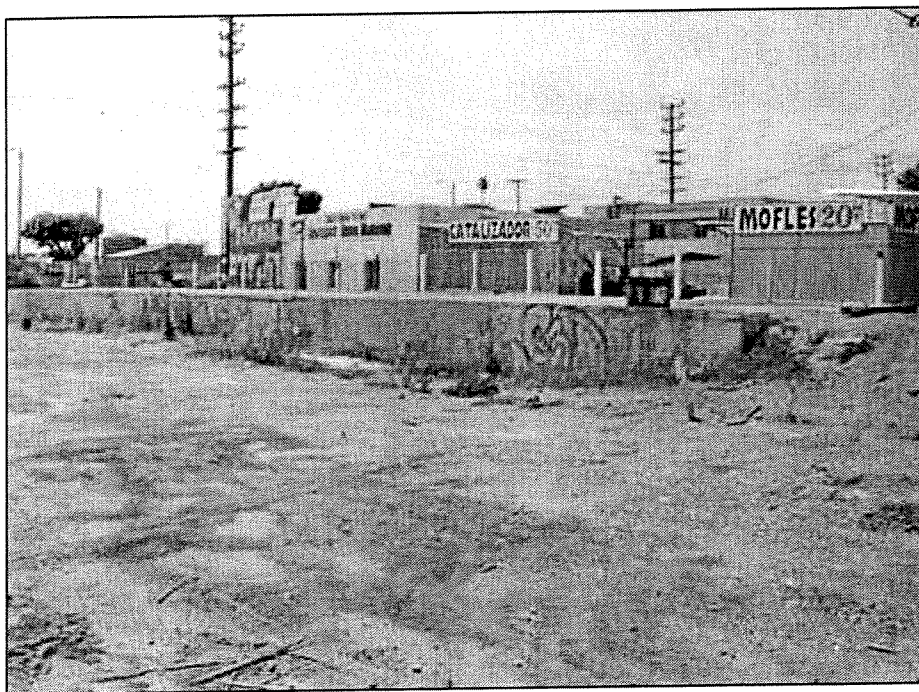
Exhibit 2



USGS 7.5' South Gate & Inglewood 1964, 1981

CULTURAL RESOURCES SURVEY AREA
Gage Village Housing Development Project
Gage Avenue
Florence, Los Angeles County, California

Exhibit 3



Loading Dock – View Northwest

Exhibit 4



Loading Dock – View ESE

Exhibit 5

SAN BUENAVENTURA RESEARCH ASSOCIATES

MEMORANDUM

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To: Joe Power, Rincon Consultants
From: Judy Triem, San Buenaventura Research Associates
Date: 27 June 2003
Re: **Section 106 Evaluation, Gage Avenue between Compton and Converse avenues, Los Angeles**

Project name: Gage Village Housing Development
Project No.: HOME

1. Description of Undertaking

The Los Angeles County Community Development Commission plans to use federal funds to construct 36 units of detached single family residences on a vacant 1.64 acre site on the north side of Gage Avenue between Compton and Converse avenues in Los Angeles.

Off-site improvements may include driveways, curbs, gutters, signage, speed bumps, landscaping, street lighting, storm drains, and utility installation.

2. Area of Potential Effect

The Area of Potential Effect (APE) includes the project site itself (APN 6008-045-804)), the adjacent properties and the property across Gage Avenue.

3. Description of Location of Undertaking

The project site is a long narrow vacant strip of land (over three blocks long) containing 1.64 acres that originally served as a railroad right-of-way. Included on the site is a concrete platform remaining from the period of the site's use by the railroad. The site is located on the north side of Gage Avenue between Compton and Converse avenues and has a narrow alley running along the northern boundary. The site also extends across Compton Avenue, where it ends a short distance away. Two additional streets feed into the alley running north of the project site. They are Makee Avenue and Miramonte Boulevard.

Located along the south side of Gage Avenue are both single family residences and commercial/light industrial buildings. The same is found on the north side of the project site.

4. Historic Resources/National Register Determination

Historical Background

The project site was originally a portion of a spur line of the Pacific Electric Railway that ran 0.75 miles from the main line (Southern District) at Alameda Street on the east to Central Avenue on the west. The Pacific Electric Railway was an inter-urban transportation system established in 1901 by Henry E. Huntington in the Los Angeles basin. The "Big Red Cars" as they were referred to, carried primarily passengers, but freight was also carried along the PE's large network, considered at its peak to be the most extensive urban railway system in the United States.

The line that ran along Gage Avenue and is part of this project site was called the Wingfoot District line, and carried freight as well as passengers. A depot was built at Central and Gage, which remains today, although somewhat altered and used for another purpose. The establishment of the large Goodyear Tire and Rubber Company in 1919 on a 74 acre tract just west of Central Avenue and Gage no doubt was the reason for building this branch line, which was named for the "wingfoot" corporate logo of the Goodyear Tire and Rubber Company. Other industrial buildings along the north side of Gage were built during the

1920s and later and remain today. The rail line was sold to Metropolitan Coach Lines in 1954. In 1957 the Metropolitan Transit Authority purchased the remaining trolley lines. The last "Big Red Car" ran on the Los Angeles-Long Beach line in 1961. Sanborn Maps for the area show the Pacific Electric Railway on the site between 1923 and 1967.

The project site is vacant today except for a concrete loading platform that was probably used by the Pacific Electric Railway. [Photo 1] It is uncertain when the tracks along Gage Avenue were removed. The original depot for the Wingfoot District remains on the railroad-right-of-way at the corner of Central and Gage. It is now used as an automotive service center.

Across from the project site on the north side is a narrow alley. Both residences and a few scattered commercial buildings are found in this area. Most of these buildings face onto other streets that feed into the alley; however, there are a few buildings facing directly onto the alley. These buildings include a few bungalows from the 1910s and 1920s. [Photo 2] The stucco or metal clad commercial/industrial buildings appear to date from that period and later.

Across Gage Avenue south of the project site are single family residences that primarily face onto side streets. These buildings appear to date from the 1920s and 1930s. There are also two large industrial buildings from the 1930s or 1940s. [Photo 3]

National Register Determination

One structure, a concrete platform, remains on the entire three block long project site. This platform was probably associated with the Pacific Electric Railway, but it does not appear on the Sanborn Maps for 1923 or 1951. It may have been built after 1951.

The minimum age criterion for the National Register of Historic Places (NRHP) is 50 years. Properties less than 50 years old may be eligible for listing on the NRHP if they can be regarded as "exceptional," as defined by the NRHP procedures.

The criteria for determining eligibility for listing on the National Register of Historic Places (NRHP) have been developed by the National Park Service. Properties may qualify for NRHP listing if they:

- A. are associated with events that have made a significant contribution to the broad patterns of our history; or
- B. are associated with the lives of persons significant in our past; or
- C. embody the distinctive characteristics of a type, period, or method of construction or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- D. have yielded, or may be likely to yield, information important in prehistory or history.

According to the National Register of Historic Places guidelines, the "essential physical features" of a property must be present for it to convey its significance. Further, in order to qualify for the NRHP, a resource must retain its integrity, or "the ability of a property to convey its significance."

The seven aspects of integrity are: Location (the place where the historic property was constructed or the place where the historic event occurred); Design (the combination of elements that create the form, plan, space, structure, and style of a property); Setting (the physical environment of a historic property); Materials (the physical elements that were combined or deposited during a particular period of time and in a particular pattern or configuration to form a historic property); Workmanship (the physical evidence of the crafts of a particular culture or people during any given period of history or prehistory); Feeling (a property's expression of the aesthetic or historic sense of a particular period of time), and; Association (the direct link between an important historic event or person and a historic property).

The platform appears to be associated with the Pacific Electric Railroad spur site that connected to the Goodyear Tire and Rubber Company, significant in the economic development of South Central Los Angeles (Criterion A). It does not appear to be associated with any significant persons (Criterion B), nor does it embody the distinctive characteristics of a type period or method of construction (Criterion C).

The platform is in its original location and retains its original design and materials; however the setting has been lost with the removal of the railroad tracks. The closure of the Goodyear Tire and Rubber plant after 1977 also creates a loss of setting. Therefore, the feeling and association of the railroad property has been lost. Because of the overall lack of integrity and age (probably less than fifty years old), the platform is no longer eligible for listing on the National Register.

Buildings within the APE

Within the APE there are several residences dating from the 1910s and 1920s. Many of these bungalow style houses have been altered with changes to siding and windows. They no longer retain their original architectural features and are therefore not eligible for listing on the National Register.

Two large industrial buildings on the south side of Gage Avenue between Compton and Makee, appear to date from the 1930s or 1940s. These buildings were occupied by the Standard Rubber Company, manufacturer of rubber products. The building on the west side was used for shipping and trimming and as an office. The building on the east side contained the mill room. Three small buildings, located to the east, were used as the machine shop, mixing room and pump. These buildings are constructed of masonry and have truss roofs. (Sanborn Map, 1951 (revised))

The Standard Rubber Company may be eligible for listing on the National Register because of its association as part of the manufacturing district leading to the economic development of South Central Los Angeles (Criterion A). There appears to be no known significant individual associated with this site (Criterion B). The buildings do not embody the distinctive characteristics of a type, period, or method of construction (Criterion C).

Because of the loss of the manufacturing district and the removal of many of the buildings, these two buildings have lost their *setting* although they remain in their original *location*. They have retained their original *design and materials*, although portions of these are lost with the removal of three of the small buildings once located just east of the main buildings. They no longer retain *feeling and association* with the manufacturing district because of change of use.

In conclusion, no known buildings presently listed or eligible for listing on the National Register are located within the APE .

5. Information from Local Organizations

No information was collected from local organizations.

6. Selected Sources

California Historical Landmarks, 1990

Crump, Spencer. *Ride the Big Red Cars. The Pacific Electric Story*. Glendale, California: Trans-Anglo Books, 1983.

Dataquick Computerized Real Estate Information

Ethnic Survey, Los Angeles County entries.

Environmental Geotechnology Laboratory. *Phase I Environmental Site Assessment, April, 2001.*

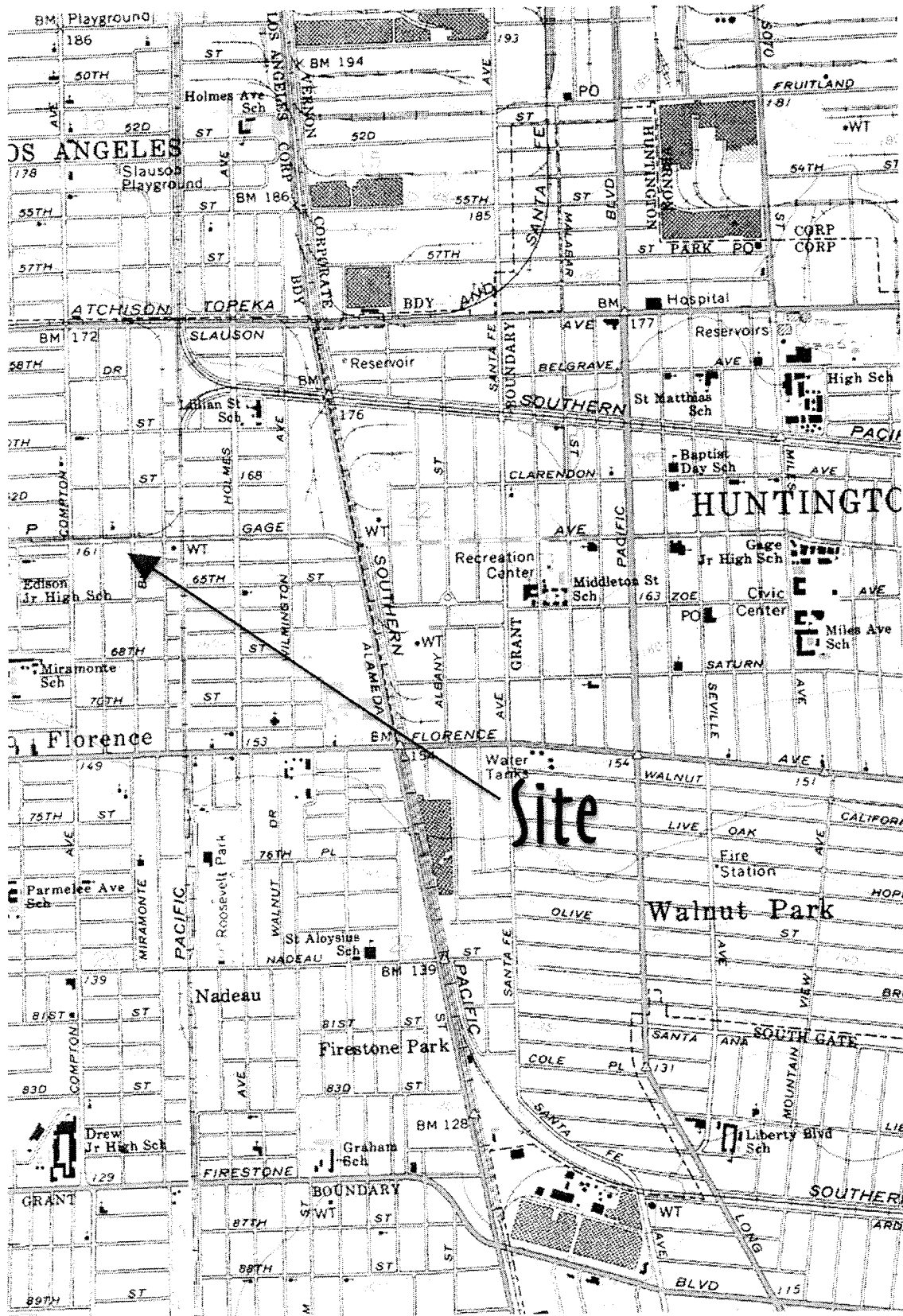
Federal Register Listings through January, 2003

Gebhard, David and Winter, Robert, *Guide to Architecture in Los Angeles*, 1985.

Hart, James D. *A Companion to California*. New York: Oxford University Press, 1978.

Los Angeles: A Guide to the City and its Environs. New York: Hastings House, 1951.

Sanborn Maps, 1923, 1951 (revised)



SITE LOCATION

Gage Avenue, Los Angeles

Source: USGS 7.5 Minute Quadrangle, South Gate (1964, rev. 1981)



PHOTO 1. Project site between Compton and Makee avenues, showing concrete ramp, facing south (June 5, 2003).

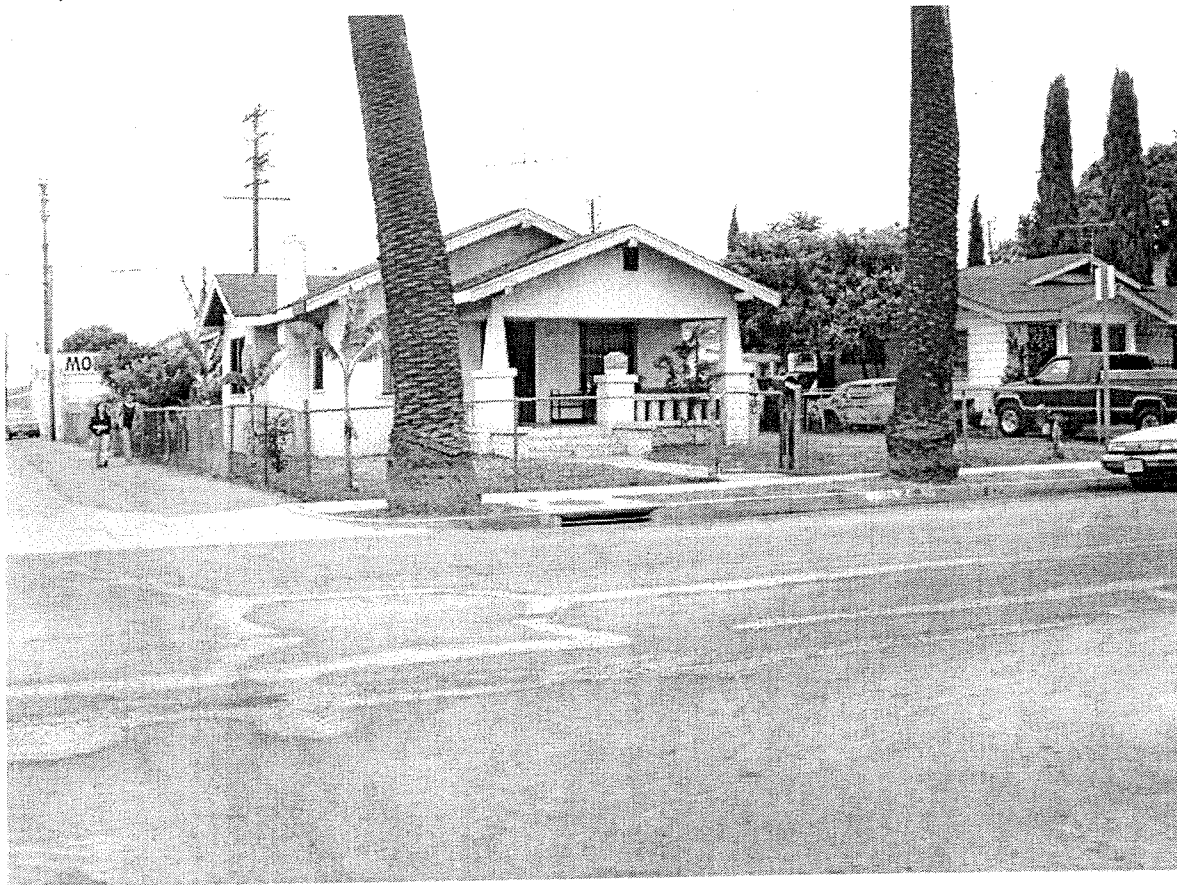


PHOTO 2. Makee Ave. at Gage, facing west (June 5, 2003).

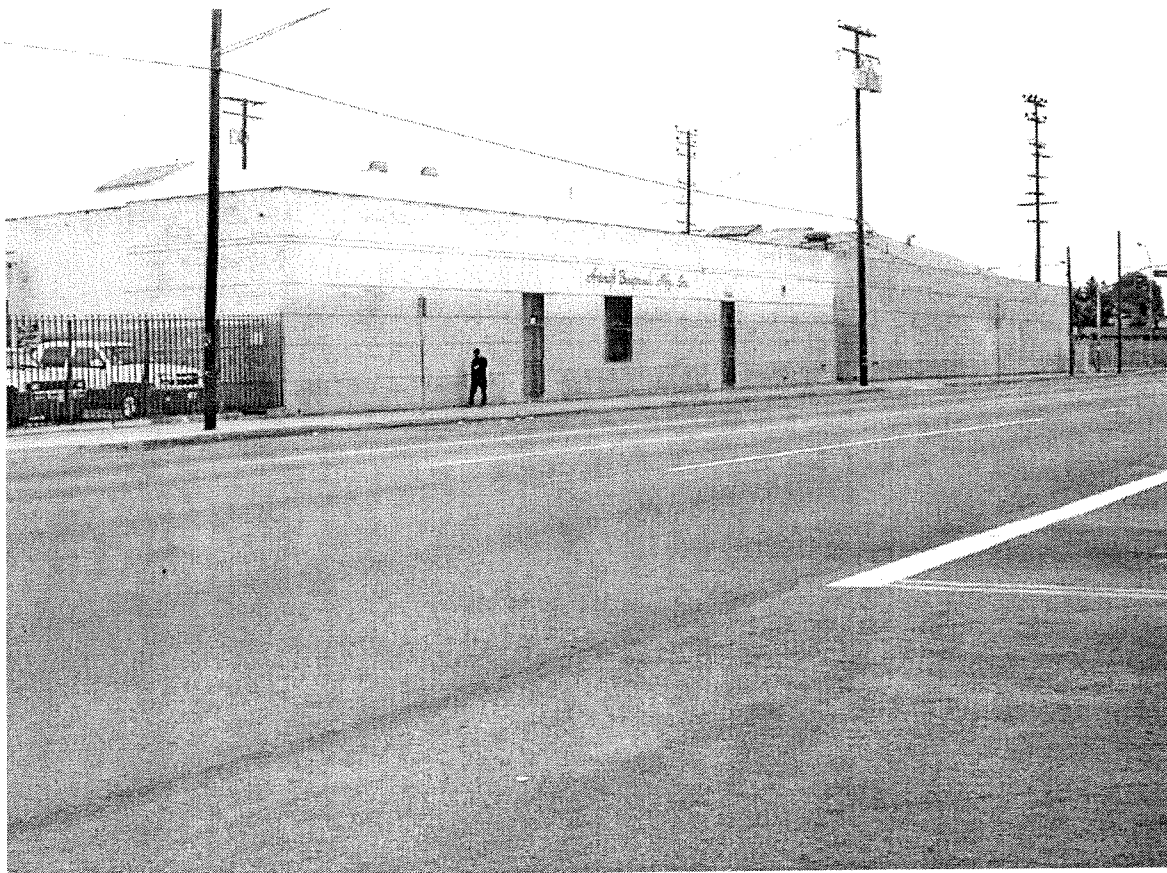


PHOTO 3. Gage Ave. at Makee Ave. across from project site, facing west (June 5, 2003).



PHOTO 4. Eastern end of project site near Miramonte Ave., facing west (June 5, 2003).



PHOTO 5. Project site east of Miramonte, facing east (June 5, 2003).

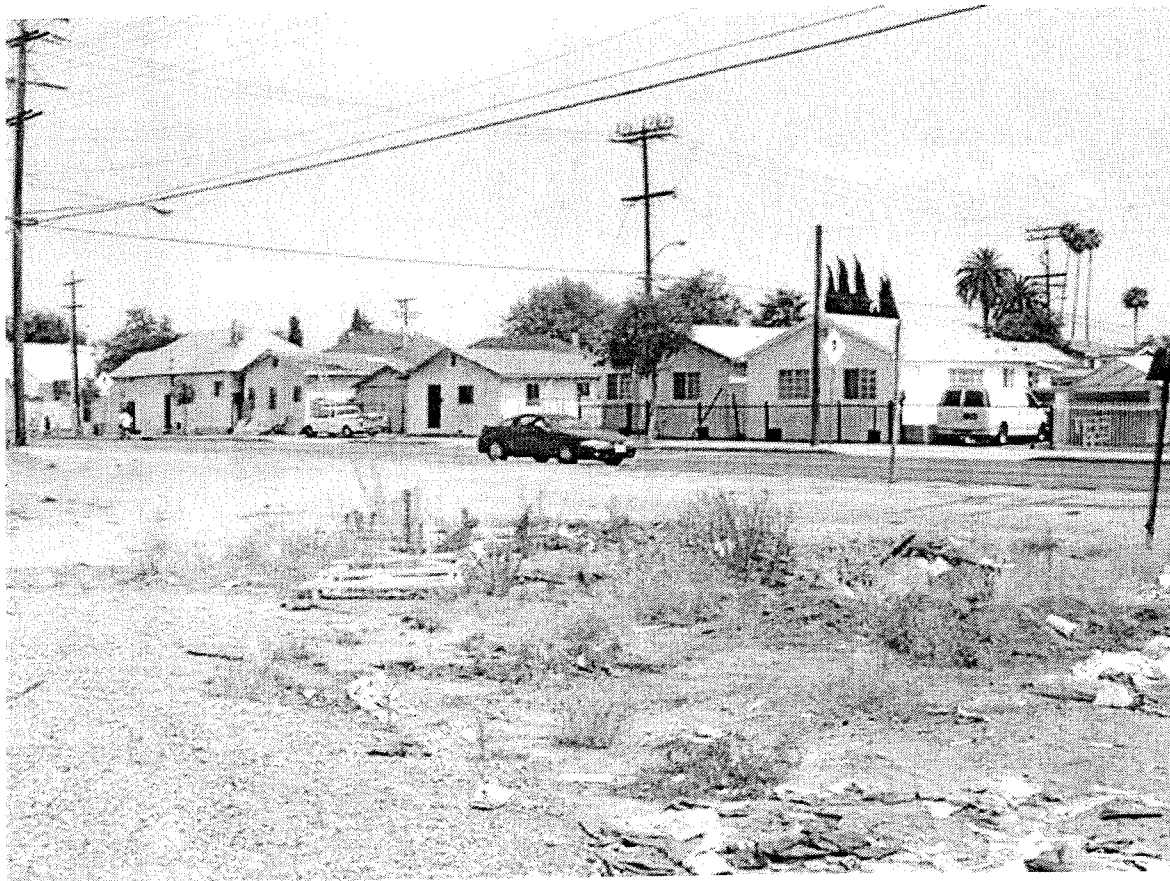


PHOTO 6. East end of project site looking south across Gage Ave. (June 5, 2003).



PHOTO 7. East end of project site, looking northeast (June 5, 2003).